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Spain today
2013

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FOREWORD

the State Secretariat for Communication has produced this new edition of Spain Today to provide a comprehensive and current picture to readers wishing to gain insight into the economy, policymaking, society and culture of our country.

Over the past decades, Spain has undergone powerful economic development, coupled with major changes in the complexion of its society: this progress is reflected by our country’s international presence, in the form of the high reputation of Spanish professionals and the rising visibility of arts and culture in the Spanish language.

However, the severe economic downturn we now face has thrown into relief the need to rise to new challenges. If Spanish society is to prevail, it must deploy the very best of its endeavours: and it is indeed showing, yet again, that it is capable of overcoming the difficulties in its path. The true ambassadors of Marca España are the citizens of Spain.

They are led by the Government of Spain, which, since December 2011, has undertaken a continuous and far-reaching program of reform, to encourage the growth and competitiveness of the Spanish economy and to foster job creation.

Against this background, Spain Today 2013 is intended to provide a picture of the present reality of our country and a catalogue of the challenges that the Government is addressing. The aim is to return as soon as practicable to a pathway of growth and firmly establish the course of progress and welfare of our country.

Carmen Martínez Castro
Secretary of State for Communication
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Chapter I
THE COUNTRY
AND THE POPULATION

Photo: Ministry of Agriculture, Food and Environment.

Reservoir capacity.
Hydraulic reservoir.
GEOGRAPHY

Most of Spain’s territory forms part, with Portugal and Andorra, of the geographic unit known as the Iberian Peninsula on the south-western edge of Europe. In addition, Spain possesses island territories: the Canaries and the Balearics, some other minor islands, and the cities of Ceuta and Melilla in the North of Africa.

Spain’s total surface area of 506,030 km² places it among the 50 largest countries in the world. The mainland territory comprises a surface area of 493,514 km²; the Balearics have an area of 4,992 km²; the Canary Islands have an area of 7,492 km², and the cities of Ceuta and Melilla have an area of 32 km².

The geological history of the Iberian Peninsula explains its mountainous terrain and its division into large units arranged within, around and bordering an inland plateau at over 600 m above sea-level. The result of this pattern is a wide variety of relief and natural environments: if there is one physical trait setting the Peninsula apart from the rest of Europe, that trait is diversity.

Spain has 5,755 km of coastline. Spain’s geographical location places it under the influence of two widely different seas: the Atlantic Ocean – large and open – and the Mediterranean Sea, which connects to the Atlantic only via a small gap, the Strait of Gibraltar, so enabling exchange between the two bodies of
The Cantabrian Sea is the name given to the Atlantic where it bathes the north coast of Spain.

RELIEF

Spain’s relief is highly varied, and is characterised by high average altitude – exceeding 600 m above sea-level, placing Spain as the European country with the second-highest average altitude, after Switzerland’s 1,300 m.

In mainland Spain, the relief is organised around a large central plateau – Meseta Central – of an average altitude of 660 m; the Meseta Central is split into two sub-plateaus by the Sistema Central mountain ranges. The Meseta is surrounded by further mountain systems, such as the Macizo Galaico and the Montes de León, the Cordillera Cantábrica and the Montes Vascos, the Sistema Ibérico and Sierra Morena. The mountain ranges lying outside the sphere of the Meseta are the Pyrenees, the coastal ranges, and the Sistemas Béticos (Cordillera Subbética and Cordillera Penibética).

There are two lowland areas lying between the Meseta and the peripheral mountain ranges – the Ebro and Guadalquivir depressions. The Ebro depression, with an average altitude of 200 m above sea-level, contrasts markedly with the major elevations on its boundaries. The river flows into a delta that has been declared a protected space – the Delta del Ebro Natural Park. Its marine and continental deposits at the mountainous edges (conglomerates) are of notable thickness, while those at the centre of the depression (sandstones, loams, plasters, salts and chalks) are thinner. The variety in the hardness of the

Physical map of Europe.
materials and the arid climate give rise to different forms of relief.

The Guadalquivir depression, with an average altitude of 100 m above sea-level, is the lowest of the Peninsula. The river mouth is the site of protected marshes: Doñana National Park. The predominance of clayey materials has given rise to gently rolling plains, while the chalk mantles form mesas and isolated crags.

As to island relief, the Balearics in the Mediterranean Sea display a terrain characterized by low flat areas, except the Serra de Tramuntana range lying along the north-western coast of Majorca, the highest peak of which, at 1445 m, is Puig Major.

The Canary Islands, located in the Atlantic facing the African coast, are Spain's southernmost territory. The terrain is volcanic in origin; the highest altitude is found in the island of Tenerife – specifically Teide, which, at 3718 m, is Spain's highest peak.

**RIVERS**

The country's river system is shaped by two groups of factors: climatic factors and geomorphologic factors. This explains the wide hydrological contrasts. Spain is climatically diverse, yet the predominant climate is Mediterranean. One major hallmark is that rivers tend to have a low volume of flow and to undergo severe dry seasons, owing to the quantity of rainfall and its distribution over the year. This does not apply, however, to rivers in the north and northwest of the country, and applies to a far lesser extent to the major rivers, since
The relief shapes the watersheds which in turn delimit the river basins. The westward tilt of the Meseta causes the major rivers (Duero, Tajo, Guadiana, and the Guadalquivir owing to the inclination of the Bética depression) to flow into the Atlantic (Atlantic coast) following the inclined plane of the Meseta, while the Ebro basin empties into the Mediterranean (Mediterranean coast).

**CLIMATE**

To a considerable extent, Spain is climatically diverse, owing to its terrain and its prominent position in the mid-latitudes of the temperate zone of the northern hemisphere, where warm and cold air zones meet.

The climate is temperate, but varies in accordance with proximity or distance from the sea, and with altitude. Spain’s climate has traditionally been classified into four major types:

- Atlantic or oceanic climate.
- Mediterranean climate.
- Mountain climate.
- Arid subtropical climate of the Canary Islands.

Temperatures vary considerably, rising from north to south and decreasing gradually from the coast to the interior, where values descend from west to east. With increasing distance from the influence of the sea, the inland Peninsula undergoes higher thermal amplitude, with colder winters – averaging from 0°C to 3°C in January – and hotter summers, averaging 24°C in July and August. However, peripheral areas exhibit mild winters – averaging 10°C in January and 16°C to 18°C over the year, particularly on the Mediterranean coast.

Rainfall seasonality is determined by atmospheric dynamics. Total rainfall volume decreases from the Atlantic coast (where precipitation exceeds 800 mm)
as one moves inland and towards the areas adjoining the Mediterranean, where annual precipitation is less than 600 mm. Southeast Spain has a semiarid climate, where precipitation is less than 300 mm a year.

Finally, the relief also modifies climatic features at the local level. In mountain areas, temperatures are colder with rising altitude, and precipitation is greater on mountain faces exposed to rain-bearing winds.

VEGETATION

The wide climatic, geological and topographical diversity of Spain has encouraged the emergence of an ecologically compartmentalized territory that allows for the development of a wide spectrum of vegetation types. These factors are compounded by intensive human activity, which has transformed nature since the Neolithic Age, in many cases lending further diversity to the types of habitat.

Under natural conditions, practically the entire territory would become forest: only certain enclaves of the highest mountain systems and some extremely dry areas in the south-eastern mainland and in the Canary Islands are incapable of sustaining the development of forests. However, today Spain’s plant landscape is a mosaic, in which natural tree, shrub and grass formations, together with agricultural crops and replanted forest, are
The variety of landscapes is expressed mainly in the wealth of flora – close to 8000 different species – where plants from all across Europe meet and blend with species from the North of Africa. The European beech coexists with the Mediterranean holm oak, the Aleppo pine, the African palm tree and even the Australian eucalyptus.

The boundary between humid Spain and arid Spain also separates the two landscapes of the mainland: green Spain, with its groves of broadleaf trees and wide fields of rich grassland; and Mediterranean Spain, with its scrublands and xerophytic heath, peppered with thinning woodland adapted to the summer drought. In the driest areas – La Mancha, Extremadura and particularly the Ebro Valley, - holm oak wood is replaced by a spare, desiccated and thorny scrubland.

In the Mediterranean coastal areas, the vegetation system is more complex. The base ecosystem of holm oak and cork oak is accompanied on the coast itself by a conifer mass, dominated by Aleppo pine, which at higher altitudes is replaced by other conifers more closely adapted to mountain climate. However, the southeast Mediterranean shore, in the regions of Murcia and Andalusia, is home to a sort of desert, with a scarcity of plant species; some of the species here are exotic, such as jucara, prickly pear, agave and, occasionally, compact or scattered palm groves.
Forest, whether natural or planted, presently occupies 15 million ha (approximately 30% of the territory). The most characteristic forest types are Atlantic forest, characterized by oak and other deciduous trees; riverside forest, growing on 20% of Spanish riverbanks; Mediterranean forest, in its deciduous, sclerophyll and mountain variants; and sub-alpine conifer forests, alternating with upland brush and humid and semi-humid grassland. Subtropical laurophyll vegetation survives in some areas having a wet temperate climate; as do continental steppe elements of East Mediterranean and Asian origin, Euro-Siberian vegetation represented by a number of deciduous forests, heather landscapes, and hay meadows, and some Arctic/Alpine plants and related relics, which survive in the highest and most humid Mediterranean mountain ranges.

In addition there is a wide variety of coastal ecosystems, including intertidal zones, beaches, cliffs, dune systems, salt marshes, salt steppes, and more. Spain is also rich in freshwater habitats, having 75,000 km of rivers and at least 1,500 of marshes, comprising 0.22% of the country’s surface area. Though generally very small, these marshes are of high importance as biodiversity sites.

However, land use in Spain is primarily characterized by cultivation, livestock farming and forestry, accounting for over 42 million ha (80% of the territory). Highlights include rain-fed cultivation (somewhat
more than 30%), forestry (30%) and scrub grasslands (12%). Irrigated land under cultivation accounts for 7%. However, the flora and plant communities of these environments are interesting in their own right; they are home to many native Spanish plant species and a large number of animal species. In addition, 8% of the territory is occupied by an entirely altered and irretrievable habitat: urban areas and infrastructure.

WILDLIFE

It is estimated that Spain is home to 50,000 to 60,000 wildlife species. 770 such species are vertebrates (excluding saltwater fish) and the rest are invertebrates. In both cases, the national species catalogue exceeds 50% of all species for each group present in the European Union. Here again the phenomenon of endemic species multiplies the value of this biodiversity, particularly in the Canary Islands. Of the 6,893 animal species existing in the Canaries, 3,066 – or 44% of all wildlife there – are unique to that geography.

The Iberian Peninsula, Ceuta, Melilla and the two archipelagos are also important for the migrations of a very large number of species. Many such species – especially birds, but also fish and marine mammals – are not strictly members of Spanish wildlife, but nonetheless use our territory as a waypoint between their northern breeding areas and their wintering zones, in the Mediterranean and South of the Sahara, or between their breeding areas in the Mediterranean and their resting-places in the Atlantic.

Endangered species are increasingly under more effective protection in the many natural parks and reserves. This is the case of the brown bear, native to mountain broadleaf and hybrid forests, the Iberian lynx, which inhabits Mediterranean forest and dehesa holm oak woodland with dense undergrowth, the European mink, the capercaillie and the Spanish imperial eagle.

<table>
<thead>
<tr>
<th>National Park</th>
<th>Autonomous Community</th>
<th>Province</th>
<th>Total surface area of park (hectares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aigüestortes i Estany de Sant Maurici</td>
<td>Cataluña/Catalunya</td>
<td>Lleida</td>
<td>14,119</td>
</tr>
<tr>
<td>Archipiélago de Cabrera</td>
<td>Illes Balears</td>
<td>Illes Balears</td>
<td>10,021</td>
</tr>
<tr>
<td>Cabañeros</td>
<td>Castilla-La Mancha</td>
<td>Ciudad Real, Toledo</td>
<td>40,856</td>
</tr>
<tr>
<td>Caldera de Taburiente</td>
<td>Canarias</td>
<td>Santa Cruz de Tenerife (La Palma)</td>
<td>4,690</td>
</tr>
<tr>
<td>Doñana</td>
<td>Andalucía</td>
<td>Huelva, Sevilla</td>
<td>54,252</td>
</tr>
<tr>
<td>Garajonay</td>
<td>Canarias</td>
<td>Santa Cruz de Tenerife (La Gomera)</td>
<td>3,986</td>
</tr>
<tr>
<td>Islas Atlánticas de Galicia</td>
<td>Galicia</td>
<td>Pontevedra, A Coruña</td>
<td>8,480</td>
</tr>
<tr>
<td>Monfragüe</td>
<td>Extremadura</td>
<td>Cáceres</td>
<td>18,396</td>
</tr>
<tr>
<td>Ordesa y Monte Perdido</td>
<td>Aragón</td>
<td>Huesca</td>
<td>15,608</td>
</tr>
<tr>
<td>Picos de Europa</td>
<td>Principado de Asturias, Castilla y León, Cantabria</td>
<td>Asturias, León, Cantabria</td>
<td>64,660</td>
</tr>
<tr>
<td>Sierra Nevada</td>
<td>Andalucía</td>
<td>Granada, Almería</td>
<td>86,208</td>
</tr>
<tr>
<td>Tablas de Daimiel</td>
<td>Castilla-La Mancha</td>
<td>Ciudad Real</td>
<td>1,928</td>
</tr>
<tr>
<td>Teide</td>
<td>Canarias</td>
<td>Santa Cruz de Tenerife (Tenerife)</td>
<td>18,990</td>
</tr>
<tr>
<td>Timanfaya</td>
<td>Canarias</td>
<td>Las Palmas (Lanzarote)</td>
<td>5,107</td>
</tr>
</tbody>
</table>

The south of the Iberian Peninsula is abundant in African wildlife. The Meseta is inhabited by wolves, and bird species such as partridge, quail, great bustard, pin-tailed sandgrouse, black-bellied sandgrouse and many species of birds of prey. Typically Spanish subspecies include the red deer, the wildcat, the least weasel and the Baeticus wild boar. This group might also be regarded as including the Iberian black hog – which is not exclusive to Spain – and, though mutated by domestication, the fighting bull.

Spain’s marine wildlife is rich and varied. The Atlantic offers a wider variety than does Mediterranean, particularly on the coast of Galicia, with its broad continental shelves, abundant plankton and frequent renewal of the water by powerful tides. Along the northern coast, where the waters are deeper, fish stocks are found farther from the shore. The South Atlantic is abundant in migrant fish such as tuna, which spawns in this area before entering the Mediterranean. The monk seal – an endangered species – thrives on the unspoiled rocky shores, with many islets and coves. Intensive whaling has impoverished Spanish wildlife in this respect; today, in the waters bathing the Peninsula it is rare to see dolphins, sperm whale and porpoise.
Iberia, Hesperia or Hispania – some of the various names by which Spain was known in the classical period – was famous for its natural wealth, particularly for the abundance and variety of its mineral resources. Even in the early 20th century, Spain possessed some of the world’s largest deposits of certain minerals; the economic development of some regions – such as the Basque Country and Asturias – was based on their mineral wealth. Today, the situation is no longer the same, although Spain continues to be one of the European countries enjoying the greatest mineral wealth.

Even if energy minerals are disregarded, Spain produces a wide range of minerals. Almost no mineral is absent from Spanish soil, although, out of a hundred products under exploitation, significant volumes are produced only of iron, pyrites, zinc, copper and lead, among metallic minerals, and of refractory clay, bentonite, quartz, fluor spar, glauberite, calcined magnesite, rock salt and sea salt, potassium salts and sepiolite among nonmetallic minerals.

Metallic mineral output, although widely varied, is today insufficient to meet domestic needs. Non-metallic minerals, however, are produced to surplus, and exceed domestic demand.
THE SPANISH-RESIDENT POPULATION

According to data published in the 2011 Population Census\(^1\), the Spanish-resident population totalled 46.8 million people as at 1 November 2011. Out of the total population, 5.3 million are foreign nationals, of whom 2.1 million are nationals of European Union member states.

In relation to the 2001 census, Spain’s population has grown by almost six million people, or 14.6%, chiefly due to the sharp increase in the foreign population: the number of foreign nationals has increased by 3.7 million (234.1%) with respect to 2001, while the number of Spanish nationals has grown by 2.3 million (5.8%).

<table>
<thead>
<tr>
<th>Under 16</th>
<th>16 to 44</th>
<th>45 to 64</th>
<th>Over 65</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPANISH NATIONALS</td>
<td>FOREIGN NATIONALS</td>
<td>SPANISH NATIONALS</td>
<td>FOREIGN NATIONALS</td>
</tr>
<tr>
<td>6,704,120</td>
<td>788,761</td>
<td>7,721,735</td>
<td>883,451</td>
</tr>
<tr>
<td>15,980,355</td>
<td>3,227,314</td>
<td>11,042,777</td>
<td>956,239</td>
</tr>
<tr>
<td>7,836,187</td>
<td>280,158</td>
<td>7,756,594</td>
<td>280,158</td>
</tr>
</tbody>
</table>

Source: National Statistical Institute (Spanish INE).

As at 1 November 2011, 49.4% of the total population were male and 50.6% were female. Among Spanish nationals, women predominate (51.0%), while among foreign nationals males predominate (52.0%).

By age, 16.0% of the population is under 16; 41.0% is aged from 16 to 44; and 43.0% is aged 44 or above.

By nationality, there are notable differences in the 16 to 44 year age group. Spanish nationals in this age group represent 38.4% of the total; this proportion rises to 61.4% among foreign nationals.

The Autonomous Communities recording the highest population increases from 1 November 2001 to 1 November 2011 were Illes Balears (258,834, or 30.8%), Canarias (388,178, or 22.9%) and the Region of Murcia (264,482, or 22.1%), and the Autonomous

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\(^1\) Data drawn from the latest annual census published by the National Statistical Institute (Instituto Nacional de Estadística, INE), available as at 31 December 2012.
City of Melilla (14,912, or 22.5 percent).

None of the Autonomous Communities underwent a population decrease, although Principado de Asturias, Galicia, Castilla y León and Extremadura grew at a rate of less than 5%.

In absolute terms, Cataluña (1,176,733), Comunidad de Madrid (998,490) and Comunidad Valenciana (847,155) recorded the greatest increases in population of the past decade.

The proportion of foreign nationals to the total Spanish-resident population is 11.2%, according to data drawn from the census as at 1 November 2011.

The Autonomous Communities having the highest proportion of foreign nationals are Illes Balears (20.2%), Comunidad Valenciana (15.1%) and Cataluña (15.0%).

The lowest proportions of foreign nationals are found in Extremadura (3.5%), Galicia (3.7%) and Principado de Asturias (4.4%).

The Autonomous Communities seeing the highest relative increase of foreign nationals over the past decade have been Castilla-La Mancha (429.8%), País Vasco (355.4%), Castilla y León (333.3%), Cantabria (332.5%) and Aragón (330.1%).

The lowest increases in the foreign population were seen in Comunidad de Madrid (158.2%), Comunidad Foral de Navarra (169.1%), Canarias (182.3%) and Galicia (195.0%), and in the Autonomous Cities of Ceuta (66.9%) and Melilla (59.1%).

In absolute terms, the greatest increases in foreign nationals were recorded in Cataluña (818,138), Comunidad de Madrid (579,156) and Comunidad Valenciana (539,099).
DISTRIBUTION OF FOREIGN NATIONALS BY NATIONALITY

Spanish-resident foreign nationals who are European Union citizens total 2,084,916. Of these, the leading nationalities are Romanians (798,104), followed by nationals of the United Kingdom (312,098) and Italy (177,520).

Among non-EU foreign nationals, the most numerous are nationals of Morocco (773,966), followed by nationals of Ecuador (316,756) and Colombia (250,087).

From 2001 to 2011, the highest growth in absolute terms was seen among Romanian nationals, who increased by 740,571, followed by nationals of Morocco (526,025) and the United Kingdom (217,236).

In relative terms, the highest increases were seen among nationals of Paraguay (6836.7%), followed by nationals of Bolivia (1523.4%) and Romania (1287.2%).

By group of countries, the most numerous are European Union citizens, who account for 39.7% of total foreign nationals. They are followed by citizens of countries of South America, Central America and the Caribbean, accounting for 28.2% of total foreign nationals.

As to distribution by sex among the foreign community, the proportion of women is higher among Latin American nationalities. Among most African and Asian nationalities, however, males predominate.

<table>
<thead>
<tr>
<th>FOREIGN POPULATION BY AUTONOMOUS COMMUNITY (REGION)</th>
<th>Population Census 2011</th>
<th>Change Absolute</th>
<th>Change Relative</th>
<th>% Foreign nationals As a proportion to total population</th>
<th>% Foreign nationals As a proportion to total foreign nationals</th>
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Source: National Statistical Institute (Spanish INE).
POPULATION PROJECTIONS

An awareness of the population of a country or territory is a vital element in support of decision-making in a wide range of fields, such as education, healthcare, pensions, business investment in widely diverse branches of activity, etc. In fact, population census and tallying activities are the oldest examples of public statistical undertakings; one might even say that population studies were the source of statistical science as a whole.

Today, the population census in Spain is conducted every ten years, as in most countries around the world; it provides a figure for the population residing in the country on the census date, and delineates
the basic features of that population. In addition to the census, the National Statistical Institute (Spanish INE) constructs inter-census estimates of population for each year of the period intervening between one census and the next, once the results of the latest census become available.

Finally, Spain’s National Statistical Institute, INE, publishes estimates of the Spanish resident population at each given time in years subsequent to the latest census, up to the present day. For this purpose, INE uses all information available about the demographic evolution of the country (present population estimates). All these operations make up the Spanish-resident population data series, broken down into Autonomous Communities and provinces, and basic demographic features, such as sex and age.

For these purposes, while the present is important, the future is even more so. For this reason, the National Statistical Institute (INE), as the body producing the official statistics for Spain, prepares and publishes at regular intervals population projections that simulate our future demographic reality, assuming the persistence of presently observed demographic trends and behaviours. The aim is to depict our population pyramid as it will be in future if births, deaths and territorial mobility continue their present patterns. Specifically, INE annually publishes a Short Term Spanish Population Projection for the following ten years, which includes results at the regional and provincial level, and, every three years, releases a Long-Term Population Projection for the next 40 years.

The Long-Term Population Projection 2012-2052, the latest issued by INE, assuming that recent demographic trends continue, points to the following demographic future in Spain:

- Gradual decrease in the annual number of births caused by a decrease in the number of women of fertile age. The women now of fertile age are those born during the fertility crisis of the 80s and early 90s, who are progressively less numerous.
Sustained growth of life expectancy, with a concomitant widening of the population pyramid at the highest ages.

Slight but sustained population decrease if the net contribution of foreign migration remains at present levels – which are very modest – after the sharp slowdown of immigration since 2008 and the high rates of outward migration now in evidence.

Long-term, the key hallmark of the evolution of Spain’s population will be its gradual aging. Aging is chiefly due to fertility levels remaining very low on a sustained basis, coupled with the continuing improvement of life expectancy, particularly at the highest ages of the pyramid. Short term increases in immigration may help to slow down this aging process, but will not stop it.

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<tr>
<td>2011</td>
<td>82.1</td>
<td>79.2</td>
</tr>
</tbody>
</table>

Source: National Statistical Institute (Spanish INE).
Spaın today
2013

Chapter II
HISTORY

Roman theatre in Mérida (Badajoz), around 16 BC.

Photo: Tourism Institute of Spain (Turespaña).
Spain is a country with deep historical roots in Europe that has lived through troubled times and periods of great splendour, as is patent in its cultural heritage, which clearly contributes to its current reality. The country has its own personality and idiosyncrasy, distinguished by phenomena such as the discovery of the American continent and its neutrality in the two World Wars but, at the same time, its history runs parallel to that of other European countries and it has played the leading role in some of the most brilliant chapters of the continent's history.

FROM THE ORIGINS TO THE DISCOVERY OF AMERICA

The first settlers

The presence of hominids in the Iberian Peninsula dates back to the Lower Palaeolithic; the remains found in the Atapuerca (Burgos) site belong to this era since they are around 800,000 years old. Archaeologists are still discussing the origins of these settlements, perhaps they came directly from Africa through the Strait of Gibraltar or, most likely, through the Pyrenees. In any case, the remains of utensils and works of art from the same cultures of hunters and gatherers that took place in other parts of Europe can be found in the Peninsula dating back to that period.

Likewise, the Iberian Peninsula is the most western point of a cultural dissemination process that developed...
throughout the Mediterranean from the east around the 5th millennium BC. This process, known as the Neolithic Revolution, consisted basically of the transition from a lifestyle of hunting and gathering to one of agriculture and stockbreeding. Between the 5th or 4th millennium BC and the 16th century AD, an important period opened in Spanish history where the Mediterranean basin and civilisation played a determinant role.

Between approximately 1100 BC and the mid-3rd century BC, the commercial and cultural contact with the Mediterranean civilisations came from the Phoenicians (who settled along the south Atlantic coast from the Algarve to the eastern Mediterranean) and the Greeks (who settled from the Ebro estuary to the gulf of Rosas in the northeast). At the end of that era, both civilisations were displaced by the Romans and Carthaginians, respectively.

Therefore, between the 12th and 4th centuries BC, a substantial difference arose between those living inland and those from the north-eastern Mediterranean to the southern Atlantic areas. The interior was inhabited by several tribes, some of them were Celts, which had a relatively primitive organisation and were devoted to seasonal grazing, alternating the pastures from the northern highlands in the summer to those of the southern sub-plateaus in winter. On the other hand, the people who lived along the coastline, known generally as Iberians, had formed a number of city-states by the 4th century BC, such as Tartessos, and were very similar to, and heavily influenced by, the well developed urban, commercial, agricultural and mining centres of the eastern Mediterranean.

The persistent Roman footprint

The Roman presence in the Iberian Peninsula followed the Greek commercial bases but was conditioned by Rome’s struggle against Carthage for control of the western Mediterranean in the 2nd century BC. This was when the Peninsula became part of the international political scene, and has since been a sought-after strategic objective because of its unique geographical position between the Atlantic and the Mediterranean and its agricultural and mining wealth in the south.

The Roman penetration and the subsequent conquest of the Iberian Peninsula took place within a long period of time, between 218 BC and 19 BC. The Romans were alarmed by the Carthaginian expansion towards the northeast since they considered that the river Ebro was the natural border with Gaul subjected to its influence. That is why the Second Punic War took place. While Hannibal carried out the legendary crossing of the Alps, the Roman legions attacked his Spanish base, Cartago Nova (now Cartagena), with its port and mines. His defeat by Publius Cornelius Scipio (209 BC) marked the decline of Hannibal’s army in Italy and the start of the Roman conquests in the Iberian Peninsula.

The Romans wanted not only to replace the Carthaginians, they also wished to extend their control over the rest of the Peninsula, where they encountered
major resistance, especially in the interior of Hispania. Among the many conflicts that took place, the most famous was the Celtiberian-Lusitanian War, which lasted twenty years (154-134 BC).

The Roman presence in Hispania lasted seven centuries during which the boundaries with respect to other European countries were formed. The interior divisions into which the Roman province was partitioned at the same time have marked the Peninsula’s territorial organisation in subsequent centuries: Lusitania, Tarraconensis and Baetica. The Romans not only bequeathed a territorial administration, they also introduced Hispania to language, religion and law as well as important institutions such as the family and municipalities. The Roman assimilation finally placed the Peninsula in the Greco-Latin and, later, in the Judeo-Christian worlds.

The Romans settled mainly on the coast and along the rivers. The permanent significance of cities like Tarragona, Cartagena, Lisbon and especially Mérida as well as the enormous amount of public works (roads, bridges, aqueducts, temples, arches, theatres, amphitheatres and circuses) convey the geographical sense of the Roman settlements.

At the beginning of the 5th century, the population started to change significantly when various Germanic tribes settled in the Peninsula, some as invaders and others as allies of Rome. The Visigoths settled in the inland regions and the Suevi in the west.

In a parallel manner, and since the 3rd century, the reduction in the urban population, the walling of villages, the expansion of property held by large landowners, the lack of safety in the fields and the weakness of the state institution versus an increase in power of the local oligarchies, which offered security in exchange for loyalty, became increasingly more noticeable.

An important phenomenon of that period was the start of the Christianisation of Hispania. The presence of Saint Paul between the years 62-63 AD appears to be probable and the narrations by Prudencio already talk about dioceses and martyrs. After the Edict of Milan (313 AD) in which Emperor Constantine declared religious freedom in the Empire, the first council of the Christian church in Spain took place, i.e. the Council of Elvira. Although Christianisation was more intense in the south and east than in the north or centre of the Iberian Peninsula, the expansion of Christianity continued in the following centuries under the Visigoths.

**The Visigothic Kingdom of Toledo**

In the 5th century, the Visigoths were already a Romanised people who saw themselves as a continuation of the dying imperial power. In mid-500 AD, the triple pressure from the Suevi in the west (Galicia), the Pyrenean-Cantabrian shepherds in the north and the Byzantine in the south (Baetica) drove them to establish the capital in Toledo, in the centre of the Iberian Peninsula.
The integration between the Visigoths and the Hispanic-Romans was a rapid and successful process which was made considerably easier by the conversion of King Reccared to Catholicism in the 3rd Council of Toledo (589). This enabled the Church to take on a predominant and controlling role in politics by holding successive councils of Toledo and establishing social structures envisaged in Recceswinth’s Liber Iudiciorum. Both cultures had a landed and an ecclesiastical aristocracy, which aspired to autonomy at the expense of royal power. That is why Visigoth policy fluctuated between appeasing the nobles, tolerating the gradual feudalisation of the State, and strengthening the royal power at the risk of nobility uprisings.

**Moorish Spain**

It was precisely one of the overlooked noble clans, the Wittiza family, who at the start of the 8th century triggered the downfall of the Visigoth state by enlisting the aid of the Moorish and Berber troops from the other side of the Strait of Gibraltar. In fact, the degree of decomposition of the Visigoth state apparatus enabled the Moors to arrange isolated agreements with an aristocracy that was independent and hostile to the Crown.

In the mid-8th century, the Moors had completed their occupation and the Umayyad prince Abd al-Rahman proclaimed himself the emir in Cordova of a new state that was independent of Damascus.

In the first half of the 10th century, one of the Spanish Umayyad, Abd al-Rahman III, restored and extended the al-Andalus state and became the first Spanish caliph.

The proclamation of the Caliphate had a twofold purpose. Domestically, the Umayyad wanted to strengthen the State. Abroad, they sought to consolidate the trade routes through the Mediterranean which ensured their economic relations with the Eastern basin (Byzantium) and thus guaranteed their supply of gold. Melilla was occupied in 927 and, by the middle of the same century, the Umayyad Caliphate controlled the triangle between Algiers, Sijilmasa and the Atlantic. The small Christian strongholds in the north of the Iberian Peninsula became modest feudatories of the caliph, whose superiority and arbitration they recognised.

Al-Andalus’s hegemony was based on its considerable economic power which was due to a sizeable trade, a developed crafts industry and much more efficient agricultural production than in the rest of Europe.

The Cordovan State was the leading urban and commercial economy that blossomed in Europe after the disappearance of the Roman Empire. Cordova, the capital of the Caliphate and its largest city, had around 100,000 inhabitants, which made it the largest urban concentration in Europe at the time.

Moorish Spain produced a flourishing culture, especially after Caliph al-Hakam II (961-976) rose to power. He is attributed with setting up a library containing several hundreds of thousands of volumes,
an unimaginable feat in Europe at that time.

The hallmark of this culture was its early adoption of the classical philosophy of Ibn Masarra, Ibn Tufail, Ibn Rushd, and the Jew Maimonides, although the Hispanic-Moorish thinkers stood out mainly in medicine, mathematics and astronomy.

The fragmentation of the Caliphate of Cordova took place in the first decade of the 11th century as the outcome of a combination of the enormous war effort deployed by the last Cordovan leaders and the stifling tax pressures. The successors to the unitary Caliphate were known as the Taifa kingdoms, a name which in Spanish has become synonymous with disunity and fragmentation. This gradual weakening meant that, by the mid-13th century, Islamic Spain had been scaled back to just the Nasrid Kingdom of Granada.

**The formation of the Christian kingdoms. Reconquest and repopulation**

The Spanish Reconquista was the process in which the Christian kingdoms reconquered the Iberian Peninsula’s political and military power from Islamic rule between the 8th and 15th centuries. It is a very controversial term in historiography since its use came from the Christian kingdoms themselves in an attempt to legitimise power since they considered themselves to be direct heirs of the former Visigothic Kingdom of Toledo. During that attempt to be legitimate, the myth arose that the Reconquista was a crusade against Islam, which was repeatedly stated in the chronicles and ballads, and which became part of the growth and expansion process that characterised the history of Western civilisation between the 10th and 13th centuries in the fight against the infidels. The result of such a dynamic movement was the creation around 1300 of an area that is currently called Western Europe.

Far from that mythical image of the Reconquista, the Christian advance in the Iberian Peninsula was very slow: there were periods of expansion and retreat, where borders were stabilised, alliances or confrontations occurred with the Moors, and conflicts...
and peace took place with other Christian kingdoms.

The Reconquista began in the mountains of Asturias in the first half of the 8th century, specifically, in the Battle of Covadonga (722), when Pelagius’s victory enabled the Kingdom of Asturias to survive. From this stronghold and its subsequent expansion, the Kingdom of Leon emerged and, from it, firstly the County and then the Kingdom of Castile arose which would join the Kingdom of Leon under the reign of Ferdinand II (1230). On the other hand, the Atlantic seaboard gave rise to the Kingdom of Portugal in 1143. These territories were responsible for reconquering the western part of the Peninsula, which would reach the Douro valley in the 10th century, the Tagus in the 11th, the Guadiana in the 12th and the Guadalquivir and the current region of Murcia in the 13th.

Other strongholds that remained after the expansion of the Cordova Caliphate were the Kingdom of Pamplona in the western Pyrenees, which ended up being the Kingdom of Navarre, and the territories of the Spanish March, linked to Charlemagne, from which the Catalan counties and the Kingdom of Aragon arose. As a result of the dynastic union between the latter two, through the marriage between Petronilla, daughter of the Aragon king, and Ramon Berenguer IV, count of Barcelona, the Crown of Aragon was created in 1137. From there, the reconquest took place in the east, reaching the Ebro valley in the 12th century, and the Balearic Islands and east coast in the 13th. The conquest of the Nasrid Kingdom of Granada by the Catholic Monarchs in 1492 marked an end to this process.

The repopulation was a parallel process to the military advance that helped to control the regained area. The Christian monarchs conquered by colonisation or repopulation, i.e. they offered lands to whoever had undertaken to occupy, cultivate and defend them, giving rise to migrations from the north of the Peninsula and Europe. Population flows also took place from the Mozarab communities in the south;
they emigrated to the north when there was greater religious suppression.

The effect of the Reconquista was clearly a frontier economy. Since the 12th century, the Hispanic kingdoms had experienced accelerated growth and showed great dynamism, which led to the economic and political boom of the Kingdom of Aragon along the Mediterranean, with the conquest of Sardinia, Sicily and Naples. Also, in the Late Middle Ages, there was a major development of cities, trade and the urban economy as well as culture, which focused first on the rural areas with the monasteries, and then moved to the cities, with the creation of universities in Palencia (1208), Salamanca (1218) and Lleida (1300).

The Catholic Monarchs: the peninsular unity and the imperial enterprise of Spanish Renaissance

The marriage between Isabella of Castile and Ferdinand of Aragon (1469) created a dynastic, political and religious union of the Crowns of Castile and Aragon, with their Mediterranean territories in Italy. The Canary Islands, Granada and America joined these possessions in 1492, and some enclaves in northern Africa, such as Melilla and Oran, as well as Navarre became part of them in 1512.

In political terms, the Catholic Monarchs' reign sought to reinforce the state apparatus and the royal authority. To do this, the monarchs based themselves on the legal-administrative institutions that already existed (Royal Council), created new ones and sometimes adopted others from Europe, such as the Inquisition Tribunal, which was introduced late in Spain (1478) and implemented in 1480.

The combination of economic interests and the sailing vocation led Castile to be at the forefront of the search for new trade routes towards the East and opening them up. In this race, the Castilians found an active competitor in the other Iberian State, Portugal. The rivalry between Castile and Portugal to find sea trade routes with the East began to be resolved with the Treaty of Alcaçovas in 1479, in which Castile maintained only the Canary Islands and had to waive its eastern expansion along the African coast, which was reserved for Portugal. Such an unequal result was because the treaty ended the succession conflict in Castile, whereby the Portuguese king waived his rights to the Castilian throne and the Catholic Monarchs to the Portuguese throne.

Although the African routes were closed to the Spanish Crown in favour of Portugal, the possession of the Canary Islands enabled it to have a bridge for alternative routes towards the East. That is what Christopher Columbus offered to the Catholic Monarchs, so that they would accept his enterprise and fund it. Therefore, on 12 October 1492, the first Spanish expedition, headed by Columbus, reached the new continent.

In 1492, the Spanish monarchy had one of the first modern states in the European Renaissance. This was used for its expansion through the Atlantic (the
Americas) and the Mediterranean (Italy). Its foreign policy was aimed at creating a permanent State, with civil servants and diplomats, and having a unitary but flexible concept of the monarchy.

The Crown had a powerful war machinery, a sound economy, international presence, sailing and exploration experience of the trade routes and considerable scientific-technical potential: mathematicians, geographers, astronomers and shipbuilders.

THE ANCIEN RÉGIME IN SPAIN
The Spanish Empire of Charles V and Philip II

The Catholic Monarchs, who sought to strengthen diplomatic and trade relations with the Low Countries, linked the Spanish Crown to the Duchy of Burgundy with the marriage between their daughter Joanna and Philip I of Habsburg, known as Philip the Handsome. Their son, Charles I of Spain and, since 1520, Charles
V of Germany, received a fabulous inheritance that would condition Spanish and European politics until the 18th century. From his mother, he inherited Navarre and the Crowns of Castile and Aragon, with their American and Italian territories. From his paternal grandparents, Maximilian of Austria and Mary of Burgundy, he received the Austrian territories, the Duchy of Burgundy, the Low Countries and the right to the imperial throne.

The solution applied by the Spanish Habsburgs to manage this enormous inheritance was an integrating and flexible monarchy, with a number of kingdoms and estates grouped into a huge confederation around a common sovereign. There was no other unit outside the monarch since each kingdom kept its institutions, languages, laws and even its borders.

The Spanish Habsburgs’ acceptance of the differences covered all the areas, apart from religion. Their imperial vocation was based on the Madrid-Brussels-Vienna triangle and did not accept the nationalism of the German princes or Flemish nobility nor the individualistic particularisation of the Reformation. These two ingredients, nationalism and Protestantism, combined in the Dutch rebellion against Philip II who, in 1556, had succeeded his father, the Emperor Charles V, in the Duchy of Burgundy and the throne of Spain.

In Italy, the Spanish Monarchy took on the tradition of misunderstandings with France and alliances with England. The Battle of Pavia in 1521, in which the French king, Francis, was captured by the Spanish troops, confirmed Spain’s superiority until the middle of the 17th century.

Halfway through the 16th century, the main vicerealties in the Americas had already been established: Mexico on the Atlantic seaboard and Peru in the South American Pacific.

On 6 September 1522, the seafarer Juan Sebastián Elcano returned to the Iberian Peninsula as a survivor of the first circumnavigation of the world initiated by Magellan, thus completing the Spanish route to the East. Since then, the routes of Havana-Veracruz in the Atlantic and Acapulco-El Callao-Philippines in the Pacific would be, together with the control of the western Mediterranean, the vital thoroughfares of the Spanish overseas empire. Convoys of Spanish galleons maintained these waterways open to safe maritime traffic against the Anglo-Dutch raids, until the Battle of Trafalgar in 1805.

The Americas were colonised based on the experience of previous conquests and by establishing mainly the Castilian administration in the New World. The Spaniards sought allies among the subjected people and dissatisfied princes, arranged capitulations in exchange for privileges, distributed the land among the Peninsula population, and reorganised the indigenous settlements. One of the deep-rooted institutions in colonial America and which led to numerous abuses was the *encomienda*, whereby a territory with its population was granted to an *encomendero*, who had
to protect and evangelise the natives in exchange for tributes.

From the Peninsula, the control was exercised by the Council of the Indies, and the Aragon system of viceroyalties and governments was implemented in the territory. At local level, the castilian municipality was reproduced and this would lead to one of the most characteristic institutional formulas of colonial America, the Indies cabildo. Spanish law and language were also introduced and formed the main vehicles for Hispanicising the Americas.

**Economic crisis and the decline of the Spanish Empire**

The most notable feature of the Habsburg monarchy was its capacity to control its vast empire spread throughout the world. No other State in the 16th and 17th centuries faced such an enormous administrative problem. Since the Catholic Monarchs, and especially throughout Philip I’s reign, an authoritarian state had been established which, in the 16th century, was the pioneer of modern absolutism. The Spanish Empire invented a very complex administrative apparatus based on the polisynodial (or Council) system, which prioritised the Monarchy’s security and attained enormous prestige.

The State grew considerably and took on the burdens and obligations to pay for the war expenses, which exceeded what an agricultural society of the Ancien Régime could bear. The decline of the Spanish
Empire overlapped with the process that broke up the confederation system, subjected to centralist practices. The system’s breakdown became patent in 1640 with the rebellion in Catalonia and the separation of Portugal, which had joined the Monarchy in 1580.

Additionally, after the defeat of the Invincible Armada, the loss of Spain’s naval power and the expansion of both American trade and ocean navigation ended up bringing the European geoeconomic axis to the basins of the rivers Thames, Rhine, Seine and Scheldt. After the Thirty Years’ War and the signing of the Treaty of the Pyrenees (1659), the Spanish Monarchy handed over its hegemonic role to the French king, Louis XIV, who became the referee in continental politics. France would soon become the Administration of the 18th century Enlightenment.

**Spain during the Bourbons and Age of Enlightenment**

Charles II, the last Spanish Habsburg king, did not leave any direct descendants, so he made a will in favour of Philip of Anjou, grandson of his sister Maria Theresa and of Louis XIV of France. Philip’s coronation as the king of Spain in 1701 inaugurated the Bourbon dynasty and opened up an era of foreign equilibrium, reforms and domestic development.

However, the European chanceries received Charles II’s will with misgivings. Philip V’s rise to the Spanish throne represented French hegemony and the much-feared union between Spain and France under the same monarch. As a result of this threat, England and Holland decided to support the Austrian candidate, Archduke Charles, son of emperor Leopold I.

Domestically, the succession problem was due to the fact that Philip of Anjou represented the French centralist model while Charles of Habsburg personified the pacts and privileges of the House of Austria, which was supported by the Crown of Aragon and, especially, Catalonia.

This triggered the War of the Spanish Succession, which was won by Philip V after the signing of the Treaty of Utrecht (1713). Although, in this deal, Philip V and his successors had to give up their Flemish inheritance, a right which they had not counted on for a long time, it marked the end of the old Spanish-Austrian universalist conception and the start of the nationalisation of Spanish politics. The Bourbons would seek equilibrium and peace throughout the 18th century. This project was hampered by England’s commercial expansion and colonialisation and its rivalry with France. Ferdinand VI (1746-1759) best personifies this Spanish desire for neutrality and peace.

The Crown of Aragon’s support to Archduke Charles during the War of the Spanish Succession led to the introduction of in-depth reforms in the administrative structure of these territories. The *Nueva Planta* Decrees extended the Castilian administrative structure to the Crown of Aragon and, therefore, ended the system that characterised the Monarchy’s Administration during the Habsburgs. This paved the
way for centralisation, which would subsequently be completed by the liberal governments in the 19th century.

During the reign of Charles III (1759-1788), the prime minister Floridablanca’s policy was to keep Spain out of conflicts, despite a cautious intervention in the American independence. He sought an alliance with France to counteract the British predominance, but without joining the Versailles adventures. Charles III left a country at peace and in full progress, although the French Revolution in 1789 soon broke that peace and non-interventionism.

The excessive and chronic deficit of the 17th century was reduced and the budgetary balance was restored but would be broken by the end of the 18th century. The Treasury’s situation had improved for two more reasons: less was spent on foreign adventures and more tax was collected, which is due not only to the more efficient tax collection apparatus but also because Spanish society became more prosperous.

The Bourbons were notable examples within the European Enlightenment. They sought the country’s progress and rationalisation in accordance with the ideas at the time, which were strongly influenced by mercantilism, interventionist methods and, less often, liberal thought.

A great leap forward came with the removal of barriers to trade and industry. The suppression of “dry ports”, which isolated some zones from others in economic terms, and the freedom of trade with America gave a spectacular boost to both domestic and overseas commerce. By the end of the century, this had led to the recovery of 75% of trade with America. These measures also provided the basis for the initial boom of the Catalan cotton industry which, by the time of the French invasion in 1808, accounted for two-thirds of Britain’s. The progressive deregulation of agricultural prices, the abolition of the tasa del trigo (legal maximum on wheat prices) and the limits to the privileges of
the Mesta (association of sheep ranchers) prompted growth in farmland and agricultural production.

However, the problem was that the land in Spain was divided into large extensions linked to the Church (which owned 15% of the arable land), the town councils and the nobility. The ecclesiastical confiscation policy, which was introduced timidly by the Enlightened governments, was part of a broader philosophy aimed at reducing tax exemptions, privileges, jurisdictional and territorial domains, as well as the ecclesiastical population (which still accounted for 3% of the total) and nobility (their number fell from 700,000 to 400,000 between 1763 and 1787).

The Bourbons also wound up much of the Habsburgs’ disjointed administrative machinery and reduced the Councils. Compared to the membership system typical of the 16th and 17th centuries, the secretaries, which later became the Secretarías de Estado y del Despacho (Secretariats of State and Office, predecessors of the ministries), were established; they were more agile and closer to the monarch since their incumbents dealt personally with the king. Senior officials of the Bourbon Administration were recruited from the lower local and enlightened gentry who often came from provinces in the north of the Peninsula. This gave rise to a new social class; a mid-level gentry who were ambitious and eager to make headway in serving the State. This overlapped with a plan that tended to marginalise the senior nobility that occupied the Austrian administration. At the end of the century, the predecessor of the Council of Ministers, the Supreme Junta of the State (1787), was created which, under the presidency of the count of Floridablanca, secretary of State and Office of the State, assembled all the secretaries.

These officers were people of their time, enlightened, convinced of their reforming mission, paying attention to the ideas at the time, with foreign friends, and who spoke other languages. For example, Floridablanca was a friend of Benjamin Franklin and corresponded with Voltaire. Jovellanos, in his Report on Agrarian Law, revealed knowledge of the recent theories of Adam Smith and also regularly corresponded with Lord Holland. The paradox was that none of them enjoyed a good reputation among their countrymen, although not all of them were to suffer the bitter fate of Esquilache, who was forced into exile as a result of popular opposition to his reforms.

The Napoleon invasion and Peninsular War

In accordance with the Treaty of Fontainebleau (1807), in which France and Spain split Portugal, the French army under marshal Junot crossed the Pyrenees heading towards Lisbon. However, the French, taking advantage of the crisis in the Spanish dynasty, did not leave Spain.

In March 1808, the mutiny of Aranjuez took place, which led to the downfall of Godoy and the abdication of Charles IV in favour of his son, Ferdinand VII. The
new king, who still believed that Napoleon would comply with the Treaty of Fontainebleau, received the French troops in Madrid as allies. However, the French emperor, to whom Charles IV and Ferdinand VII had asked for help with their respective plans, convened them in Bayonne and forced them to abdicate to him. In June 1808, Napoleon gave his brother Joseph I the crown of Spain.

The political regime that the Bonapartes tried to implement had been envisaged in the Bayonne Statute of 8 July 1808. This document is of great importance from a historical viewpoint since it is the first Spanish constitutional text, although it never entered into force. Joseph Bonaparte was unable to apply the reforms established in this statute because most of the Spanish people rejected him and considered that the new monarchy was illegitimate and the result of a betrayal.

The Peninsular War (or, as the Spaniards call it, the Spanish War of Independence) lasted six years and was a full blown-out nationwide war, which stood out because of the emergence of guerrilla warfare.

Since 2 May 1808, the French presence in Spain had led to a widespread uprising, which Goya immortalised in his paintings. The “disasters” that Goya reflected in his paintings give an idea of how cruel and long it was since the guerrilla groups made use of the strategy to prevent the normal life of the country in order to permanently harass the invaders.

On the other hand, a minority but enthusiastic group of Spaniards, the so-called “pro-French”, supported the invading king. Those with the best luck became part of the first group of political emigrations that took place in late-modern Spain.

In most of the Spanish provinces, provincial juntas emerged spontaneously to defend themselves from the French invaders and fill the government vacuum. However, because of the lack of financial resources
and the military defeats, these juntas needed to be coordinated by a Supreme Central and Governing Junta of the Kingdom, which appointed a Council of Regency in Cadiz which, in turn, would convene the Spanish Parliament (Cortes).

The Constitution of 1812

The new Parliament's session (Cadiz Cortes) was opened on 24 September 1810 in the isle of León in Cadiz. Representatives of the Spanish provinces and overseas territories attended. As the basic principles, the Cadiz Cortes confirmed the national sovereignty and the separation of powers. It also acknowledged the legitimacy of Ferdinand VII as king of Spain and proclaimed the inviolability of the members of Parliament.

The Constitution that came out of the Cortes was passed on 19 March 1812. Despite its short term, it is of vital importance in Spanish history because it was the country's first constitutional text, breaking away from the Ancien Régime and establishing liberalism. In 1814, the Constitution (nicknamed “La Pepa”) was abolished with the return of Ferdinand VII to the throne and the absolutist Restoration. Nevertheless, it was established once again during the Liberal Triennium (1820-1823) and its spirit served as the model for other constitutional texts that were enacted during the 19th century.

The Constitution of 1812 envisaged the national sovereignty, the separation of powers and the constitutional monarchy as the form of government. Substantial changes were made to the king’s powers. In the Ancien Régime, the king held this position by virtue of a divine title, now he would do this for the grace of God and the Constitution. His power was limited: he kept some legislative power although his acts had to be endorsed by the secretaries of State and Office.

The Constitution did not include a list of rights and freedoms but it did have some rights spread throughout its articles such as personal freedom, the right to property and representation, freedom of the press and printing, procedural and criminal guarantees, and the right to domestic privacy. However, the text proclaims Spain to be a confessional State, not acknowledging religious freedom.

The Cadiz Constitution focused especially on the Spanish Cortes, the king and his secretaries of State and Office or ministers.

The Cortes were organised in a single chamber since it was feared that the clergy and nobility would be able to take possession of an Assembly of Leaders, thus hampering the planned political, social and economic renovation.

The members of the Spanish parliament were elected by indirect suffrage; candidates had to possess a specific annual income, so it was left in the hands of the well-off.

The judiciary was established as an independent power; the only power of the courts of justice was
to apply the law. As a revolutionary characteristic, the procedural unit was proclaimed and only two exemptions were maintained (the military and ecclesiastic).

In this period, first schools were scheduled in all the villages and teaching was unified throughout the kingdom.

THE LIBERAL REGIME IN SPAIN

A century of liberal revolutions and moderate administrations

When Spanish diplomats arrived at the Congress of Vienna in 1814, they represented a victorious State, but which had been devastated and divided. The country’s profound crisis had seriously split the Spanish Empire, from which continental America segregated in 1824 after the Battle of Ayacucho. To quote the Count of Aranda, the “Spanish Empire had resisted the small defeats of the 17th century better than the violent victories of the 19th century”.

The members of the Cadiz parliament had responded to the dynastic crisis and the vacuum of the Crown with three main positions regarding national sovereignty:

• For some, the absolutists, the sovereignty resided in the king, together with the traditional parliament of the Ancien Régime and, consequently, they defended a return to the old system, which they achieved in 1814-1820 and 1824-1834. They ended up being called Carlists because of their support, in the succession to the throne, to Carlos Maria Isidro, Ferdinand VII’s brother.

• Others defended a nation based on a shared sovereignty, where power resided in Parliament and the king. These would be called moderate or doctrinarian liberals (1834-1875) and, later, conservatives (1876-1923). They defended a doctrinarian Constitution, a census suffrage, with single-member election districts, a protectionist economy and philo-French international politics.

• Lastly, a small but very active group upheld the idea of a national sovereignty that resided in the Spanish people. The latter, a moderate version of the French Jacobins, went down in history firstly as fanatics (1820-1823), then as progressives (1823-1869), and ended up being called constitutionalists (1870-1880) and fusionist liberals (1881-1923).

The Carlists had their strength in the countryside, especially in the north (Basque Country and Navarre) and in the interior of Catalonia. In a certain way, they represented the rebellion of rural society against urban society. They had the support from the lower clergy and the autocratic regimes like Russia.

On the other hand, the liberals, who defended the succession of Isabella II, desired a profound change that would give way to a society of equal individuals with laws that would guarantee the rights of the individual.
They banned privileges and legal exemptions, and abolished the jurisdictional manors. The liberals also believed in the free market by expanding and making it national by confiscating the land from the Church, but without pursuing an agricultural reform that other powers would postulate in the 20th century. With this aim, they detached the land from the entailed estates (mayorazgo), the Church and the local authorities, by introducing millions of hectares of land into the market and multiplying several times the farming land and agricultural production.

The landownership of the old nobility and the new landowners were consolidated in the south, but a class of small peasant landowners was not created, which the French revolutionaries conceived as the basis for the Republic.

The triumph of the liberals in Spain forms part of the British support to this cause as a way of preventing Russian expansionism and as part of the success of the liberal monarchy in France in 1830.

The impossibility of political rotation and the tradition of uprisings

The liberals, who thought they had resolved the problem of the State, were creating another one in the government when they drafted the constitutional and electoral legislation, which was highly partisan and designed to ensure the party’s power monopoly. Therefore, the history of Spanish constitutionalism in the 19th century ran parallel to the party in power: the Constitutions of 1837, 1856 (the “unborn” one), 1869 and the bill for the federal Constitution of 1873 were progressive, while those of 1845, the bill for 1852 and that of 1876 were moderate.

This meant that power switching was the main political problem par excellence although, in reality, it was also a social conflict since the small parties at the time were nourished by the employed, unemployed and candidates, all of whom belonged to the urban middle classes and needed power to survive.

During decades, monopolistic practices alternated with mutinies and military coups and, until 1870, uprisings were the rudimentary and risky instrument used in Spain, though not less effective, with which the oppositions imposed the political rotation that the governments entrenched in power refused.

An oversized officer corps that was ambitious and undisciplined, always exposed to be discharged, without a job and earning a half pay, was an easy target for political groups anxious to take power from the political party in power via a military coup.

An uprising must not be understood as an armed conflict, but as a way of hastening political solutions with a minimum of military confrontation as possible. In 1868, what began as a classical progressivist uprising degenerated into an armed clash that finally turned into a revolution; Isabella II was dethroned and a six-year period of intense political mobilisation began, with the establishment of a provisional government and the drawing up of a new constitution.
(1869) that led to the short-lived reign of Amedeo of Savoy (1869-1873).

The First Spanish Republic. The Carlist reaction

Following the abdication of Amedeo I, on 11 February 1873 the National Assembly (Lower House and Upper House of Parliament) proclaimed the First Republic by 258 votes against 32. It was also short-lived, lasting only until 29 December 1874, but it contained proposals that would be configured in the immediate future: federalism, anarchism, socialism and cantonalism.

Following the presidencies of Estanislao Figueras, Francisco Pi i Margall, Nicolás Salmerón and Emilio Castelar, a coup led by General Pavía brought about the dissolution of the National Assembly on 3 January 1874, which created a government of national concentration.

The Republic was faced with a major Carlist rebellion. The political movement rushed in accordance with the European events at the time, such as the conservative reaction that lead to the Paris Commune (1871). Like the French legitimists, the Carlists presented themselves as the revolution’s fire-fighters, so their approaches did not correspond any more to the primitive reaction of the rural versus the urban world.

The liberals were soon disillusioned by the revolution and feared the Carlist reaction. These feelings were the breeding ground for the Restoration of Alfonso XII.

The Restoration. The loss of the colonial vestiges.

On 29 December of that same year, the monarchy was restored following the uprising led by General Martínez Campos, with Isabella II’s firstborn, Alfonso XII, coming to the throne. The beginning of his reign saw a twin success: the end of the Third Carlist War and the passing of a new constitution (1876).

This brought with it a certain stability based on the existence of two political formations that represented most of the electorate: Cánovas’ Conservative Party, which was linked to the court and land-owning aristocracy, gentlemen farmers and persons of private means; and Sagasta’s Liberal Party, consisting of professionals, merchants, industrialists and the middle classes. Their alternation in power, particularly after the death of the king and the regency of his wife, Maria Christina (1885-1902), brought a stability that was only marred by the incidents and confrontations in Morocco and the loss in 1898 of the last strongholds of the colonial empire, Cuba and the Philippines.

Trade unionism, which began in Spain in 1830, directly many of the social upheavals, even organising a general strike in 1855. In 1868, Fanelli, a disciple of Bakunin, founded sections of the International Workers’ Association (IWA) in Spain that soon had over 100,000 members in Catalonia and Andalusia. After several action phases and under successive repressions, the movement gave rise to the CNT (National Labour Confederation) in 1911, whose
predominance among the working class lasted until the end of the Spanish Civil War. Lafargue’s arrival in Spain, sent by Marx, did not manage to restrain the development of Bakunism, which Friedrich Engels wrote about in his famous collection of articles.

The PSOE (Spanish Socialist Workers’ Party) was formally created on 2 May 1879 and, after several congresses, the UGT (General Union of Workers), which was affiliated with the socialists, was formed in 1888. The socialist proposals were disseminated in industrial areas: the Asturian mining region, the Basque steelworks and the typographic arts in Madrid.

Powerful regional parties arose in Catalonia, including the Lliga Regionalista (Regionalist League) that won the elections in Barcelona in 1901. In 1895, the Partido Nacionalista Vasco (Basque Nationalist Party) was founded.

Traditional and progressive ideas came face to face equally in the literary and scientific terrain, the most important intellectual movement of which, Krausism, undertook a formidable educational and research activity, with the creation of the Institución Libre de Enseñanza (Free Institute of Education), directed by Giner de los Ríos, and the Junta para la Ampliación de Estudios (Council for Study Extension), fostered and directed by Cajal, Castillejo and Bolívar.

The start of the 20th century

In Spain, the 20th century began with a number of profound problems, some of which were structural.
On one hand, the population doubled, from 11 to 18.5 million, with respect to the beginning of the previous century in a territory with limited resources. In addition to this, there were agricultural problems, such as the ownership system based on large estates, with low efficiency and large tracts of land left uncultivated, the lack of capital and infrastructure to establish heavy industry and a low consumer capacity that gave rise to a burdensome and uncompetitive protectionism.

At the same time, the political problems that had affected the previous century became more virulent. In addition to the political and intellectual frustration resulting from a loss of protagonism in the world and the loss of the colonies, regionalism continued to be a problem, either in the form of federalism or as a demand for the former “territorialism” characteristic of Carlism. On top of this, there were cantonalist proposals during the short-lived First Republic.

However, the most important problem was clearly the working class social and organisational movements that were destined to play a decisive role in the 20th century.

**The dictatorship of Primo de Rivera**

In 1902, Alfonso XIII came to the throne and, at the same time, a crisis began in the Canovist system and in liberal-conservative bipartisanism, with the appearance of new political forms. There was also major social unrest, including the so-called Tragic Week of Barcelona (1909) and popular resistance to recruitment for the Moroccan War.

Rising prices and a general contraction of the European market caused considerable instability; in 1917, the Assembly of Parliamentarians in Barcelona proposed constitutional reform and convened a general strike for August. Constitutional reform having failed, the regional question once again peremptorily reared its head, along with social and peasant unrest in Andalusia and Catalonia. In 1921, the PCE (Spanish Communist Party) was formed since the PSOE did not join the Third International, which had been created as a result of the triumph of the October Revolution.

However, the fundamental factor in the crisis would be the Rif War. Following the defeat at the Battle of Annual (1921), which unleashed a wave of criticism of the government and the military administration, General Primo de Rivera’s coup (13 October 1921) installed a military directorate in Government.

Primo de Rivera’s dictatorship (qualified as “moderate despotism”) attempted to solve some of the problems, such as ending the Rif War and developing infrastructure and promoting public works. Ideologically akin to the European authoritarian regimes, it had more in common with a traditional, monarchist and Catholic philosophy than with Mussolini’s New State. Its failure was basically political, despite the attempts to establish a single party—the Unión Patriótica (Patriotic Union)—and incorporate sectors of the labour movement into political life. It did not manage to structure labour relations based on corporations, nor resolve the agrarian and regional problems.
An attempt to renew the constitution that began with the establishment of a national consultative assembly (1926) also failed to gain ground. The serious financial crisis of 1930 led to the fall of the dictator and his replacement by General Berenguer.

THE SECOND REPUBLIC AND THE SPANISH CIVIL WAR

The downfall of the monarchy and the Second Republic

In August 1930, republican, socialist and Catalanist politicians signed the Pact of San Sebastian, which agreed to end the Monarchy of Alfonso XIII and proclaim the Second Spanish Republic. On 12 December 1930, the Jaca garrison rose up in favour of the Republic. Two officers, Galán and García Hernández, were executed, which brought about the fall of Berenguer, while a group of intellectuals, including Ortega y Gasset, Gregorio Marañón and Pérez de Ayala set themselves up “at the service of the Republic”.

In February 1931, the last monarchist concentration government was formed, convening municipal elections on 12 April that resulted in a victory for the left and the republicans in the largest cities and towns. Two days later, the Republic was proclaimed on 14 April 1931 and Alfonso XIII fled Spain and went into voluntary exile.

Once in power, the republicans convened a general election for 28 June, declared freedom of religion and drew up a new draft constitution that was passed on 9 December.

The Republican Constitution of 1931 established a democratic, secular, decentralised State, with a single Chamber and a Tribunal of Guarantees. Its preamble stated “Spain is a democratic republic of workers of all classes that is organised under a regime of freedom and justice. The powers of all its bodies originate in the people. The Republic constitutes an integral state, compatible with the autonomy of the municipalities and regions”.

Spanish intellectuals, who created extraordinary philosophical, literary, historical and scientific schools, took sides and led, in some cases, the political direction in the crossroads in 1931. They included Miguel de Unamuno, Ortega y Gasset, Manuel Azaña, Rafael Altamira, Claudio Sánchez Albornoz, Ramón Menéndez Pidal, Gregorio Marañón, Negrín and Moles.

The concern for reform gave shape to the first two years (1931-1933) under the direction of Alcalá Zamora and Manuel Azaña. There were proposals on three main fronts: the Agrarian Reform Act, the solution for the regional problem with statutes for Catalonia and the Basque Country, and an extraordinary boost to education and culture, with the creation of teaching missions throughout Spain.

Two questions created considerable tension: religion and military policy. The Azaña Act, far from resolving the problem, made it worse. Its premonitory
expression was the failed rebellion of Sanjurjo on 10 August 1932. The year 1933 began with the repression of Casas Viejas (Cadiz), where more than 20 people died, and municipal elections with gains for the right. In 1933, the Spanish right wing was formed by CEDA (Confederación Española de Derechas Autónomas, Spanish Confederation of Autonomous Rights of Gil Robles), Renovación Española (Spanish Renewal), of Calvo Sotelo and Comunión Tradicionalista (Traditionalist Communion). On 29 October, José Antonio Primo de Rivera founded the Falange Española (Spain’s paramilitary fascist party).

A new general election on 19 November 1933 gave victory to the right and saw the formation of the Lerroux Government, which suspended certain laws and reforms of the first legislature, including the Agrarian Reform Act, and decreed an amnesty for the
participants in the 1932 uprising. This policy to repeal the reforms undertaken in the previous years was met by uprisings among some of the left (the 1934 October Revolution).

The elections of 16 February 1936 were won by the Frente Popular (People’s Front), formed by Izquierda Republicana (Republican Left) of Azaña, Esquerra Catalana (Catalan Left) of Companys, the Socialist Party of Largo Caballero, Unión Republicana (Republican Union) of Martínez Barrio, and the Communist Party.

Azaña’s initial Government declared a general amnesty and the resumption of the reforms undertaken in the first two years of the Republic, specifically the Agrarian Reform and the Statutes of Catalonia, the Basque Country and Galicia. In May 1936, Azaña was elected President of the Republic and Casares Quiroga formed a government. However, on 17 July the garrison at Melilla rebelled, giving rise to the Spanish Civil War.

The military uprising and the outbreak of the Spanish Civil War

The assassination of the leader of the opposition, José Calvo Sotelo (13 July 1936), only served to hasten the events of a military coup that had been a long time in the planning. On 18 July, it became widespread and the next day General Francisco Franco took command of the Army of Morocco.

In late 1936, the troops of the so-called Nationals controlled most of Andalusia, Extremadura, Toledo, Ávila, Segovia, Valladolid, Burgos, Leon, Galicia, part of Asturias, Vitoria, San Sebastián, Navarre and Aragon, as well as the Canary and Balearic Islands. Madrid, Castile-La Mancha, Catalonia, Valencia, Murcia, Almeria, Gijón and Bilbao remained as Republican bastions.

The Republican Government formed a concentration cabinet headed by José Giral, which was succeeded by another led by Largo Caballero, who invited representatives of the CNT to join it. In November 1936, the Government headquarters were transferred to Valencia and the Battle of Madrid began, where a Defence Junta remained directed by general Miaja.

On 29 September 1936, the National Defence Junta named Franco head of Government and Supreme General of the Armies. For its part, the Republican government set up the Popular Army and militarised the militias.

The Spanish Civil War also had an international aspect. Help arrived from outside Spain for both sides: the International Brigades in support of the Republic, and Italian and German troops to fight alongside the Nationalists.

The year 1937 saw the unfolding of the war in the north of the country. The Republicans reacted by opening fronts in Guadalajara (March), Brunete (July) and Belchite (August). The year ended with the pressure from the pro-Franco troops in Aragon. In the battle of Teruel, Franco retook the city and split the Republican zone into two when they entered Castellón (July 1938).
The government’s response was the so-called battle of the Ebro (July-November 1938), which ended with 70,000 casualties and the defeat of the Republicans. The last resistance having been crushed, the Republicans began to go into exile across the French border. By 10 February 1939, Catalonia had been taken and only Madrid still held out, despite the peace proposals from its Defence Junta (Casado and Besteiro). Nationalist troops occupied the capital on 28 March 1939 and General Franco’s final dispatch reported the end of the conflict on 1 April.

THE FRANCO DICTATORSHIP
The post-war years and national self-sufficiency
The new regime was characterised by a strong repression of the defeated faction, a desperately poor economy and a modification of the internal equilibrium. In this first phase, foreign policy was placed in the hands of Serrano Suñer, a Germanophile, and Franco held talks with Hitler and Mussolini. The new Government first declared itself neutral and later “non-belligerent”, and although Francoist diplomacy played the anti-Communist card, it remained isolated and could not avoid the condemnation by the UN, the withdrawal of ambassadors and the closure of the French border.

In economic terms, international isolation and, to a lesser extent, ideological motives led to the introduction of self-reliance and corporative policies that, to a greater or lesser degree, were a feature of the regime throughout its history. In agriculture, there was a shocking recession compared to previous periods, which led to a lack of basic provisions and rationing.

The Cold War and economic development
The beginning of the Cold War was a lifeline for the Franco regime, although Spain continued to be excluded from the reconstruction of Europe. Almost simultaneously in 1953, the Holy See signed a Concordat and the United States a reciprocal military aid treaty.

In politics, the UN accepted the re-establishment of diplomatic relations in 1950 and Spain took its seat in the international forum in 1955. A year later saw the end of the Moroccan Protectorate and the country became independent.

The first timid signs of social unrest appeared in the Barcelona strike of 1951 and again in 1956, accompanied by the first student protests. Extraordinarily high inflation led to the need for a Stabilisation Plan (1959) that mitigated the lack of foreign currency. This caused economic stagnation and renewed unrest in Asturias, but led to the drawing up of the First Development Plan (1963), which was indicative for private business and binding for the public sector. So-called “development poles” were established to promote regional and zonal development.

The Stabilisation Plan, drawn up according to the
guidelines laid down by the International Monetary Fund and the Organisation for European Economic Cooperation, helped to put the economy back on a sound footing and laid the foundations for the implementation of the self-sufficiency model. Following these guidelines, the peseta was devalued in 1967 and the Second Development Plan, similar to the first one, was implemented in 1968.

The population reached 33 million, 12 million of whom made up the working class (38.3%), which was divided into three almost equal parts: agriculture (28%), industry (38%) and services (34%). There were large internal migratory flows from depressed farming areas to the industrial cities (Madrid, Bilbao, Barcelona, etc.) and large parts of the labour force went elsewhere in Europe in search of better opportunities. The foreign currency they sent back made a decisive contribution to improving Spain’s balance of payments.

Politically, the regime attempted to structure the so-called “organic democracy” by holding a referendum on the Organic Law of the State (1966). Two years later, Equatorial Guinea gained its independence and a state of emergency was decreed in Guipuzcoa as a result of the terrorist activities of ETA.

**The agony of the regime**

Economic change, resulting from a long development process, brought about major social change. The politicians who arose from the Spanish Civil War—soldiers, Falangists, traditionalists and Catholic nationalists—were replaced by technocrats—generally, senior civil servants—who proposed the need for economic growth and plans for the future.

This helped to ease the tension and re-establish relations with the countries of the East, with Spain signing in 1970 a Preferential Trade Agreement with the EEC (European Common Market) and becoming an associated country. One year earlier, on 22 July 1969, Parliament had designated Juan Carlos of Bourbon as the next Head of State and king.

Opposition to the Franco regime had intensified since the early 1960s since the economic changes in the country had led to major social changes. In addition to the activities on the international stage of politicians and institutions in exile, internal opposition movements had been growing: students, teachers and intellectuals presented a democratic and left-wing ideological front, together with a working class whose platform for struggle consisted of the trade unions and civic bodies. These movements were the origin of the political forces that would become the leading players in the subsequent transition.

On the political front, the institution of the Monarchy, personified by the Count of Barcelona, Juan of Bourbon, raised the need for a return to democracy. A very active PCE (Spanish Communist Party) had launched its national reconciliation policy and proposed toppling the regime by peaceful means. The socialists and Christian democrats also raised the need for a return to democracy as the only possibility of integration with Europe.
By the beginning of the 1970s, nobody doubted that the end was in sight and that, once the political figure of Franco was no longer present, Francoism without Franco would be unviable.

The distancing of the Church was also notable. Grassroots priests, particularly in Catalonia, the Basque Country and Madrid, were openly critical of the regime. Certain prelates also joined the chorus of criticism. While all this was going on, there was also a radicalisation of nationalist positions and ETA began its terrorist activities.

Many political trials took place. In 1969, several Basque priests were taken to the War Council and in 1970 the Burgos Trial took place, where the judge issued nine death sentences which were subsequently lifted due to domestic and international pressure.

At the end of 1969, a new, mainly technocrat cabinet was formed, which made way for another in June 1973. It was short-lived since in December its leader, Carrero Blanco, was assassinated by ETA. The post of president of the Government was taken on by Arias Navarro, who formed the last Francoist cabinet.

In July 1974 Franco was taken ill with thrombophlebitis and on 30 October 1975 Prince Juan Carlos became temporary head of state. Franco died on 20 November. Two days later, Juan Carlos I was crowned king of Spain.

DEMOCRACY
The Spanish Transition
From the outset, the new monarch adopted a resolute and prudent attitude to ensure a fast democratisation process, making his institution the “Monarchy for all Spaniards”. However, this was not an easy task since it was necessary to “respect” the legal conditions inherited from the Franco regime and most of its political cadres.

After Arias Navarro’s resignation, the King entrusted the State leadership to a team of young reformers headed by Adolfo Suárez, who was appointed president of the Government on 3 July 1976. Suárez led the transition to democracy, under the watchful of the monarch.

Many left-wing politicians and intellectuals returned from exile, such as Madariaga, Sánchez Albornoz, Pasionaria, Sánder, Guillén and Llopis, and on 5 June 1977 the first general elections were held with full democratic freedom and transparency.

The right wing, led by Manuel Fraga, founder of the Alianza Popular (People’s Alliance), fully accepted the rules of democracy, as well as did the Communist Party of Spain, led by Santiago Carrillo, and both participated in the writing of the Constitution. However, to many people’s surprise, the electorate opted for more moderate proposals: the leading party in Parliament was Unión de Centro Democrático (UCD, Union of the Democratic Centre), the centrist party founded by Adolfo Suárez to support the Transition.
With a relative majority of 165 seats, the UCD was followed by the PSOE, with 118. The historical socialist party reappeared on the scene headed by a young generation led by Felipe González. The Catalans and Basques were represented by several formations.

The press’ support to the democratisation process was decisive, as well as the prudence of all the political parties and trade unions, which signed the Moncloa Pacts in October 1977 to consolidate the Spanish democracy and restructure its economy, which was threatened by the start of a recession.

The transition, in which Adolfo Suárez placed a crucial role, modernised Spain: rights were guaranteed, a multi-party parliamentary system was set up, and political parties and trade unions were acknowledged for their functions in society. The State was decentralised, giving way to the formation of Autonomous Communities (regional governments). There was a majority consensus on these changes, demonstrating how Spaniards had overcome the wounds from the Civil War and were able to look towards the future instead of the past. This is clearly the main legacy from the transition that began in 1977.

Spain had already had other constitutions and a long parliamentary life, even a previous democratic experience, but this was the first time that the changes were made in agreement, with dialogue and pacts to establish the broadest social consensus as possible, without one party imposing its own viewpoints on another party. This consensus and pacific nature of Spain’s transition to democracy has attracted the admiration and interest of politicians and analysts from many other countries in Latin America and the former communist states of Eastern Europe, which also searched for the best way to make their own transitions from dictatorship to freedom.

King Juan Carlos, who has now reigned for 38 years, received widespread popular support, increased by his discretion in constitutional affairs.

The transition, a true national reconciliation, required partial withdrawals from all parties: posed as a
legal evolution from the current institutions, this was incompatible with the demands for accountability of those who had sustained the dictatorship; instead this had to start off from a generous amnesty and lead towards a full democracy. The consensus allowed for the exploration of paths involving self-government in Catalonia and the Basque Country and the drafting of the constitutional text, which was approved by a very large majority (87.87%) on 6 December 1978.

Spain after the Constitution of 1978

Fresh general elections on 1 March 1979 maintained the balance of the main national political forces (UCD: 34.3%; PSOE: 30%; PCE: 10.6%). On the other hand, in the first municipal elections (19 April), left-wing coalitions took control of 77% of the councils in the large cities. This began the disintegration of the UCD.

The weakening of the UCD and the change of president of the Government coincided with the final death throes of anti-democratic authoritarianism. A group of Civil Guards burst into the Lower House of Parliament on 23 February 1981 and held the members of parliament at gunpoint, while one of the captaincy generals brought troops out onto the streets. The intervention of the king was decisive in thwarting this coup attempt and the people of Spain came out onto the streets in defence of democracy. This attempt further weakened the Government and the party in power.

In international politics, Spain became fully integrated into the group of democratic countries. On 28 July 1977, it applied for membership of the EEC (European Economic Community) and joined it on 1 January 1986. Leopoldo Calvo Sotelo, who succeeded Adolfo Suárez as president of the Government, proposed and achieved the approval of the Lower House of Parliament for Spain to join NATO (29 October 1981).
The decision was ratified in a referendum in 1986 by the socialist Government led by Felipe González.

A general election was held on 28 October 1982. The PSOE (Spanish Socialist Workers’ Party) won an absolute majority of 202 seats, with the new right-wing AP-PDP (People’s Alliance) formation taking 106 seats. There were two big losers in these elections: UCD (Union of the Democratic Centre), which only won 7.2% of the votes, and PCE (the Spanish Communist Party) with only a 3.8% share.

The first socialist Government led by Felipe González was formed on 3 December. The PSOE managed to hold on to their majority in the following elections: on 22 June 1985, 29 October 1989 and 6 June 1993.

The socialist party had transformed itself into a moderate, reformist social-democratic grouping, having abandoned its traditional Marxist ideology. Backed by successive electoral victories, it governed until 1996, during which time it oversaw great strides in the modernisation of the country.

The notable political stability in this period enabled Spain to recover its historical ground such as education, health, tax system, professional army, industrial reorganisation, infrastructure building and the extension of social services. This modern and dynamic Spain joined the European Union in 1986 and presided it effectively and creatively (1989, 1995, 2002 and 2010); it showed its new image to the world with the organisation of the Seville World Expo, the European Capital of Culture in Madrid and the Barcelona Olympic Games in 1992. Having broken free from the isolation of the era of Franco, Spain returned to the international scene as an agent for peace and harmony by promoting the Ibero-American Summits (since 1991), participating in the United Nations peacekeeping forces in Africa, the Balkans, the Near East and Central America, hosting talks between Israel and the Arab countries (the Madrid Conference of 1991), multiplying the aid given to developing countries (Spanish Cooperation), taking the activities of its experts and entrepreneurs to compete in distant markets (with major investment in Latin America) and developing the usage of the Spanish language and culture in the world (through the work of the Cervantes Institute, established in 1991).

In the elections held on 6 June 1993, the PSOE won the most votes (159 seats), enabling Felipe González to form a government on his own (the investiture was on 8 and 9 July of 1993). However, the party lost its absolute majority and was forced to seek formulas with other parliamentary groups in order to have sufficient support in the Lower and Upper Houses of Parliament and guarantee the stability of the Government; it eventually made an agreement with Convergencia i Unió (CiU, Convergence and Union).

Meanwhile, the Partido Popular (People’s Party) had been re-founded in 1989 under the leadership of José María Aznar with a liberal and Christian democrat ideology leaning towards the reformist centre. Its
success in municipal, regional and European elections in 1995 culminated in a victory in the 1996 general elections (156 seats) and Aznar became president of the Government with the support of the moderate nationalist parties of Catalonia (CiU), the Basque Country (PNV) and the Canary Islands (Coalición Canaria, Canary Island Coalition).

In the 2000 general elections, the People’s Party (PP) retained power, this time winning a large majority (183 seats).

The Government’s economic policy focused on controlling inflation and the public deficit in order to revive economic growth. The economic successes achieved by meeting the objectives culminated in Spain’s accession in 2002 to the group of countries initially included in the European single currency.

The Spanish Presidency of the EU in the first half of 2002 coincided with the introduction of the euro as the single currency, thus completing an important cycle in the recent history of Spain, as the name “euro” had been adopted in the second half of 1995, when Spain had also held the EU presidency.

On 11 March 2004, Spain experienced the dramatic appearance of a form of terrorism different from ETA. A group of radical Islamic extremists killed 192 people and injured nearly 2,000 citizens in Madrid in the worst attack of its kind to have occurred on European soil to date. Three days later, Spaniards went to the ballots, as scheduled, to participate in the general elections.

The Spanish Socialist Party (PSOE) won the general elections of 14 March 2004. José Luis Rodríguez Zapatero thus became the fifth president of the Government of the Spanish democracy (164 seats). The measures adopted included the establishment of the first government with gender parity in the history of Spain, the withdrawal of troops from Iraq, the Gender Violence Act, the Equality Act, the Historical Memory Act, the Disability Act and the law on same-sex marriage. He also proposed the international Alliance of Civilizations initiative, which was adopted as an official programme of the United Nations in April 2007.
On 9 March 2008, fresh general elections were held in which the Spanish Socialist Party (PSOE) emerged victorious (169 seats). The second term of José Luis Rodríguez Zapatero was marked by both the domestic and international economic crisis. During this period, a new agreement was made for regional funding, which was approved by the Council of Fiscal and Financial Policy where all the regions are represented. His main achievements were to eliminate adverts on Spanish public television (RTVE), which reinforces its public service status, and approve the Sustainable Economy Act, which is aimed at laying the foundations for renewing the Spanish production model within the framework of the harshest international economic crisis in recent years.

As a result of the difficult economic situation, and in order to generate certainty among political forces and the institutions, the following general elections were brought forward by four months and held on 20 November 2011. The People’s Party (PP), the most voted political force, won an absolute majority (186 seats). The new Government, presided by Mariano Rajoy, established an ambitious programme aimed at addressing the economic crisis and prompting recovery. It involves the adoption of different initiatives and measures with two main supplementary purposes: budget stability, based on deficit reduction and public spending austerity, and boosting economic growth and job creation through structural reforms.
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1841 -1843 Espartero's regency.

**Reign of Isabella II (1843-1868)**
1843-1854 Moderate Decade.
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1854-1856 Liberal Biennial.
1856 The “unborn” Constitution.
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**Revolutionary six Years (1868-1874)**
1869 Constitution of 1869.
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**Primo de Rivera dictatorship and the fall of the monarchy (1923-1931)**
1931 Municipal elections (14 April) and proclamation of the Second Spanish Republic.

**Second Republic and Spanish Civil War (1931-1939)**
1931 Republican Constitution.
1933 Electoral victory of CEDA.
1936 Electoral victory of the Frente Popular (Popular Front) (February) and military uprising (July).

**Franco regime (1939-1975)**
1959 Stabilisation Plan.
1969 Naming of prince Juan Carlos as the successor.

**Spanish Transition**
1975 Death of Franco. Proclamation of Juan Carlos I as the King of Spain.
1976 Law for political reform (November) and referendum (December).

**Parliamentary Monarchy**
1979 General elections (1 March). Relative majority for the UCD. King Juan Carlos I asked Adolfo Suárez to form the Government (29 March). The main democratic town councils were formed (19 April). H.M. The King opened the first session of the Constitutional Parliament (9 March).
1980 Regional elections in the Basque Country (9 March) and Catalonia (20 March). The Constitutional Court was opened (12 July).
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<td>2000</td>
<td>General elections (with an absolute majority for the PP) and in Andalusia (12 March). José María Aznar was sworn in as the president of the Government (25 April).</td>
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2001 Regional elections in the Basque Country (13 May) and Galicia (21 October).

2002 Spanish Presidency of the European Union (first half).


2004 General elections (with a relative majority for the PSOE) and in Andalusia (14 March). José Luis Rodríguez Zapatero was sworn in as the president of the Government (17 April). European Parliament elections (13 June).

2005 European Constitution referendum (20 February).

2006 Regional elections in Catalonia (1 November).


2008 General elections (with a relative majority for the PSOE) and in Andalusia (9 March). José Luis Rodríguez Zapatero was sworn in as the president of the Government (8 April).


2011 Municipal and regional elections (Aragon, Asturias, Balearic and Canary Islands, Cantabria, Castile-La Mancha, Castile-Leon, Extremadura, Madrid, Navarre, Murcia, Rioja, Valencia and the autonomous cities of Ceuta and Melilla) (22 May). General elections (20 November). The PP won with an absolute majority. Mariano Rajoy was sworn in as the president of the Government (20 December).

2012 Regional elections in Andalusia and Asturias (25 March), Galicia and the Basque Country (21 October) and Catalonia (25 November). The 22nd Ibero-American Summit was held in Cadiz (16 and 17 November).
CULTURE

The geographical situation of the Iberian Peninsula has made it a natural bridge between the cultures of northern and southern Europe, Africa and the Mediterranean. Its vicissitudes have made it a meeting point for the most diverse cultures. That is why its cultural heritage is vastly precious, since the country’s busy and intense past have left an indelible memory.

THE FIRST CULTURAL MANIFESTATIONS

The first cultural manifestations in the Peninsula date back to prehistoric times. In the Palaeolithic era, around 15,000 BC, the Franco-Cantabrian culture developed, which spread across the north of Spain and Europe to Asia and is especially evident in the animal figures found in numerous caves that were painted for magical and religious purposes. The masterpiece is the great room of the Altamira Cave in Cantabria, which has been referred to as the “Sistine Chapel” of art from the Quaternary period.

The Levantine rock art paintings, of African origin, located in sheltered areas from Lleida (Catalonia) to Albacete (Castile-La Mancha), belong to a later period, the Mesolithic. The human figure appears in them. In the 1st millennium BC, there were impressive megalithic constructions (chamber tombs, T-shaped pillars and talaiots) in the Balearic Islands, especially...
the Tudons chamber tomb near Ciutadella (Minorca). During that period, the Almeria culture also developed, with dolmens covered with a false cupola and a circular sepulchral chamber, especially the Menga Cave near Antequera (Malaga).

The mythical culture of Tartessos developed in the lower valley of the Guadalquivir, linked to the Phoenician colonies’ trade. At the same time, the Greeks also founded colonies along the Mediterranean coast, where they left an indelible artistic memory in locations such as Ampurias (Girona).

Based on all the signs, the stone sculptures of large animals, such as the Bulls of Guisando in Avila, belong to the Celts, while the three feminine sculptures with several Mediterranean influences exhibited at the National Archaeological Museum in Madrid (the Ladies of Elche, Cerro de Los Santos and Baza) belong to the Iberians.

THE ROMAN FOOTPRINT

Romanisation culturally unified the Iberian Peninsula and left a language and numerous social institutions, as well as abundant artistic remains; some of which are essential to understanding Roman civilisation, as in the case of the aqueducts in Segovia and Los Milagros in Merida, as well as the Alcántara bridge and the Arch of Bará in Tarragona.

Two exceptional sites are those of Italica in Seville and Merida, with its splendid theatre, where classical plays are now represented during the summer season. The large quantity of Roman remains in this city led to the construction of a National Museum of Roman Art, which opened in 1986.

Rome built Hispania’s first five centuries after Christ, while the Peninsula returned the favour with emperors such as Trajan and Hadrian and authors and philosophers like Seneca. The legacy of Rome permeates throughout Spain’s institutions and laws; from the Romans, through Vulgar Latin, came all the peninsular languages, except Basque: Castilian, Catalan, Valencian, Galician and Portuguese.

THE MIDDLE AGES

The widespread Christian movement coincides in Spain with the start of the Germanic invasion. Visigothic art, of which not many remains can be found, progressively distanced itself from Roman art and began including Byzantine and North African influences. Horseshoe arches, mullioned windows, square apses and barrel vaults are the characteristics of the primitive Christian churches, such as those in Santa Comba de Bande (Ourense) and San Pedro de la Nave (Zamora).

The Asturias pre-Romanesque began in the 8th century and reached its peak during the reign of Ramiro I (the churches of Santa María del Naranco and San Miguel de Lillo).

The Moorish invasion and the later reconquest period
led to the coexistence of the Christian, Islamic and Hebrew cultures, whose merger and interchange was one of the most fruitful processes in Europe.

The perpetuation of the classical legacy was assured with the creation by Alfonso X the Wise of the School of Translators in Toledo and of the *Studia Generali* in Seville (Latin and Arabic). The *Siete Partidas* was also compiled during his reign and he contributed enormously to the world of science thanks to the writing of the *Lapidarium*.

On the other hand, the Arab tradition left a profound mark in poetry, with Ibn Hazm of Cordova (*The ring of the dove*) and Ibn Quzman (a classical approach to the metre). The main philosophers included Ibn Rushd (1126-1198, Cordova), commentator of Aristotelian philosophy. While there was prolific literature, architecture also stood out. The Cordova Mosque (initiated in 784) and Medina Azahara show Caliphal art. In Seville, the former minaret of the mosque, the Giralda, together with the Golden Tower and the Alcazar form one of the main monuments in Moorish architecture, whose last work was the Alhambra palace in Granada.

While the presence of the Moors persisted in the south, northern Spain kept in close contact with the European culture of the time through the pilgrimage route of the Camino de Santiago de Compostela (Way of St. James), which ended at the apostle’s tomb. Along the route are churches in which a European Romanesque style merges with the typically Spanish Pre-Romanesque. Major examples are the cathedral in Jaca (Huesca), the church of San Martín de Frómista (Palencia), the pantheon of San Isidoro (Leon), with its beautiful frescoes, and, above all, the great Cathedral of Santiago de Compostela, with its large collection of sculptures on the Pórtico de la Gloria, considered to be the true masterpiece of Spanish Romanesque art.
Romanesque paintings were expressed in the frescoes and the drawings were developed in the codices (Beato de Liébana and Beato de Girona).

Sculptures obtained precise features in the 11th century, expressed mainly in the cloister of Santo Domingo de Silos (Burgos), the pantheon and façades of the Church of San Isidoro (Leon), the capitals of the Cathedral of Jaca (Huesca), the Monastery of Ripoll (Girona) and the aforementioned Cathedral of Santiago. There are also significant Romanesque monuments in the Castile-León region: Ávila, Zamora, Soria, Salamanca, Segovia and Burgos. In Navarre, Aragon and Catalonia, there are some churches with beautiful paintings conserved mainly in the Museum of Art of Catalonia (Barcelona).

In the 12th century, Castilian became a literary language with The Poem of the Cid, which also began epic poetry.

Gothic architecture emerged in Spain in the early 13th century with an archaic Cistercian style, whose most important examples are the monasteries of Las Huelgas (Burgos) and Poblet (Tarragona). It reached the height of its splendour in Leon cathedral.

With the 14th century came the Catalan Gothic style with the cathedrals in Barcelona, Girona and Palma de Mallorca and, in the 15th century, the flamboyant Spanish style, with those in Seville, Toledo and Burgos. Civil architecture began its development in this period, with the typical shipyards in Barcelona and the markets in Valencia and Palma de Mallorca.

Important advances were made in literature. In response to the popular songs and story-tellers of the Mester de Juglaría, the more educated, clergy-based poetry from the Mester de Clerècia arose and Gonzalo de Berceo became the first Spanish poet with The Miracles of Our Lady.

Alfonso X the Wise was mentioned above with his Siete Partidas, but we cannot forget his Crónica.
General and the Cantigas de Santa María, written in Galician. During his reign, the first story collections appeared with Libro de Calila e Dimna, and theatre began with Auto de los Reyes Magos.

THE RENAISSANCE

The 14th century was an extraordinarily fruitful era for literature, with the marked influence of Italian humanism in literary works such as The Book of Good Love by the Archpriest of Hita, Tales of Count Lucanor by Don Juan Manuel, and Palace Verse or Rhymes of the Court by Pedro López de Ayala.

From the 15th century, literature became lyrical and courtly, in preparation for the ideological transition between the Medieval and Renaissance conceptions at the beginning of the Modern Age. The main figures in this movement were the Marquis of Santillana (1398-1458), who introduced the sonnet to Spain, and Jorge Manrique, with his Stanzas on his father’s death.

The merger between the Spanish gothic and Italian renaissance gave way to the Plateresque, whose culmination were the universities of Alcalá de Henares and Salamanca, which were created in this period. Castilian Spanish was consolidated during this period with the publication of The Art of the Castilian Language, the first grammar book applied to a vulgar language. Also, novels of chivalry appeared, including Amadis of Gaul.

Theatre also evolved significantly since some authors like Juan del Encina (1469-1529) began dealing with secular issues. But the greatest transformation came from Tragicomedy of Calisto and Melibea and the old prostitute Celestina by Fernando de Rojas, the second most important piece of Spanish literature after Don Quixote by Miguel de Cervantes Saavedra.

THE SPANISH GOLDEN AGE

Between the Renaissance and the Baroque, the Golden Age (16th-17th century) was the most prolific and glorious period of Spanish art and literature.

Novels reached their maximum Spanish and universal expression with Don Quixote. There were also other very Spanish manifestations such as the picaresque novels, with Guzmán de Alfarache by Mateo Alemán and Lazarillo de Tormes (anonymous).

Poetry went hand in hand with novels. In the 16th century, Boscán and Garcilaso de la Vega translated Italian lyrical poetry into Castilian, and its maximum expression was in mysticism, with poets like Friar Luis de León and St. John of the Cross and, within prose, Saint Teresa of Avila. Two important authors of this period were Luis de Góngora and Francisco de Quevedo.

Theatre also experienced major changes. It stopped being represented in ecclesiastical environments with the creation of the open-air comedy theatres (corrales
de comedias), which still remain in places like Almagro (Ciudad Real) and Alcalá de Henares (Madrid). Lope de Vega, Tirso de Molina and Calderón de la Barca provided unprecedented splendour to this form of artistic expression.

Humanism also flourished since the start of the Modern Age, with Luis Vives and the monumental team work for the Complutensian Polyglot Bible.

As an end to this period, in the 17th century, we must not forget Baltasar Gracián, author of El Criticón.

In the 16th century, an exceptional painter appeared, Domenikos Theotocopoulos “El Greco”, who painted mainly in Toledo. His main works include The Disrobing of Christ, The Martyrdom of Saint Maurice, The Resurrection and The Burial of the Count of Orgaz, which were a landmark in Spanish and universal painting.

The realism of the 17th century culminated in Diego Velázquez (1599-1660), who was one of the masters in the history of art. His main paintings were The Maids of Honour, The Fable of Arachne, The Triumph of Bacchus, The Surrender of Breda, The Forge of Vulcan and The Rokeby Venus, together with his famous portraits of Philip IV, Prince Baltasar Carlos and the Count-Duke of Olivares, which are nearly all at the Prado Museum.

While Velázquez painted in Madrid, Zurbarán and Murillo did so in Seville with a fundamentally religious theme.

The Spanish Golden Age also had its own architectural style, the Herrerian, whose prime example is the Escorial Monastery. Built by order of Philip II to commemorate the Battle of Saint-Quentin, it was initially designed by Juan Bautista de Toledo and was later carried out by Juan de Herrera after his death.
THE BAROQUE
The Baroque, which came from Italy, personified the spirit of the Counter-Reformation. It is fundamentally a decorative style, with fanciful and overelaborate forms. The Baroque, under the Society of Jesus, pervaded all the religious monuments of previous periods and superimposed the Gothic and even the Romanesque styles.

Its prime examples were the façade of the Hospice (Madrid), the palace of San Telmo (Seville), the porch of the Obradoiro (Santiago de Compostela), the Jesuit church in Loyola, the façade of the University of Valladolid and the Pilar sanctuary in Zaragoza.

THE AGE OF ENLIGHTENMENT
With the 18th century came the Age of Enlightenment and, with this, education, science, public works and a rational conception of politics and life.

New cultural institutions were formed under the reign of Philip V with the creation of the Royal Library (now National Library) and the Academy of Language in 1714. Twenty years after, the Academies of Medicine, History, Pharmacy, Jurisprudence and Noble Arts of San Fernando were created.

Science was boosted with the creation of the Natural History Office, the Botanical Garden, the Mineralogy School, the Retiro’s Machinery Office, the Royal Laboratory of Chemistry and several engineering schools.

The political and satirical press thrived, and culture and science became widespread. The literary authors have nothing to do with the quality of the two previous centuries but there are two major figures represented by Friar Feijoo and Jovellanos, as well as other writers such as Leandro Fernández de Moratín, Torres Villarroel, Meléndez Valdés and Quintana, fable writers Iriarte and Samaniego, and the playwright of local customs Ramón de la Cruz. Poets included Cadarso, Nicasio Gallego and Alberto Lista.

In architecture, the Baroque gave way to the Neoclassical style. The Bourbons brought numerous foreign artists to Spain and Charles III undertook major public works. Ventura Rodríguez and Juan de Villanueva were the main architects. The Royal Palace, Prado Museum and Alcalá Gate are prime examples of this period.

On the minus side, painting declined until the close of the century, when one of the geniuses of universal art, Goya, emerged. Considered to be the initiator of all the “-isms”, his paintings went from the cheerful cartoons for the Royal Tapestry House to the tenebrism of a series of engravings such as The Disasters of War, The Caprices, Disparates or the Proverbs and the Bullfights, and the dramatic quality in painting in The Executions of the Third of May 1808 and the frescoes of the San Antonio de la Florida chapel in Madrid.
THE SPANISH ROMANTICISM

Romanticism was an artistic and literary expression of liberal thought, which arrived late in Spain through French influence and whose prime example was Mariano José de Larra (1809-1837). It peaked in 1830-1840 and lasted well into the second half of the century, with the poems from Gustavo Adolfo Bécquer (1836-1870) and the plays from Spain’s first Nobel prize-winner, José Echegaray.

Romanticism gave way to the literature of social life and customs from Mesonero Romanos, the poems from Espronceda and the plays from the Duke of Rivas and José Zorrilla.

In the second half of the century, the romantic exaltation of national values led to the resurgence of regional cultures. In Catalonia, the Jocs Florals (Floral Games) were restored and the Renaixença (Catalan resurgence) began with Rubio i Ors, Verdagher and Guimerá.

The romantic trend also inspired literature in the Galician language, which had two exceptional figures: Rosalía de Castro and Curros Enríquez.

In the later part of the century, romanticism had its counterpart: realism more or less about social life and customs, with authors such as Fernán Caballero, Alarcón and Pereda. The two outstanding figures were Juan Valera (1828-1905) and Benito Pérez Galdós (1843-1920). As the father of Spanish contemporary novels, Galdós created a gigantic fictional historical world with his National Episodes. His literature paved the way for naturalism, with three leading figures: Leopoldo Alas “Clarín”, Emilia Pardo Bazán and Vicente Blasco Ibáñez.
THE GENERATIONS OF 1898 AND 1927

The end of the 19th century was a hotbed of political, literary, philosophical, artistic and scientific activity. The institutions that were created initially as cultural centres and lyceums of literature and art reached their peak. Joaquín Costa and Giner de los Ríos began the regenerationist movement, which also gave way to extraordinary history researchers such as Amador de los Ríos, Menéndez Pidal, Rafael Altamira, Milá and Fontanals. Marcelino Menéndez Pelayo stood out in traditional thought.

Scientific research also began a slow recovery, especially in medicine, with researchers such as Jaime Ferrán, Pío del Río Hortega and Santiago Ramón y Cajal, who would later be a Nobel prize-winner.

Despite the political and social turbulence that stirred the situation in Spain in the early part of the century, the cultural creation reached a renewed splendour, which some observers have named the Silver Age, which goes from 1898 to the outbreak of the Spanish Civil War in 1936.

The first date marks the loss of the last overseas Spanish colonies and, in general, the end of the decline that began in the 17th century. A large group of writers reacted to this event, searching for the causes and trying to provide their own remedies to regenerate Spain. This is how the Generation of ’98 was formed: it comprised outstanding literary figures, but was not restricted to literature, it also included science, medicine, history and essays.

At the same time, modernism came about: this was a contemporary movement of the pictorial and musical impressionism and had a special influence in Catalonia, which was always more open to the winds of reform from Europe. Its main figure, the architect Antoni Gaudí, was linked to the Catalan Renaixença, based on the prosperity of an industrial and cultured bourgeoisie that was progressively inclined to regionalist ideas. Gaudí’s very personal style of art is full of vegetable and animal suggestions, with revolutionary works such as the still-incomplete detail of the terrace roof of La Pedrera (Barcelona). Antoni Gaudí.
cathedral of the Holy Family and the fantasy garden Park Güell. In this modernist Catalan environment, the Andalusian painter Pablo Picasso would later emerge.

At the end of the century, musical nationalism also caught on in Spain and spread throughout the continent. Two composers became internationally well-known in this movement: Isaac Albéniz and Enrique Granados.

In painting, Ignacio Zuloaga expressed, with his clear drawings and typical Spanish villagers, a literary world similar to that of the Generation of ‘98. In a different aesthetic line, the Valencian painter Joaquín Sorolla can be classified as a post-impressionist with brilliant colours; below the anecdote of each canvas, the east coast light is the main protagonist in his beach scenes.

Obsessively concerned with what began to be called the “problem of Spain,” the Generation of ‘98 made an in-depth stylistic renovation, leaving behind the typical rhetoric of the 19th century.

Some representatives of this movement became universally famous. Miguel de Unamuno anticipated existentialism in *Tragic Sense of Life* and developed all the literary genres, like his contemporary, Pío Baroja, a reputed novelist who was later admired by Hemingway. Also, Azorín, a master narrator, and Ramón María del Valle-Inclán, who created *esperpento* (grotesqueness), were two outstanding figures.

In poetry, Antonio Machado united symbolism and social reflection, while Juan Ramón Jiménez, Nobel
prize-winner for literature, evolved from sentimental poems to very deep, abstract and complex lyrical poetry.

A common feature of the intellectuals in this period was their effort to include the latest cultural and philosophical trends from Europe. The philosopher Ortega y Gasset created Revista de Occidente, one of the first intellectual publications in Europe at the time. Ramón Pérez de Ayala expressed the liberal English spirit in his essays and novels. Eugenio D’Ors was one of the reformers of baroque art criticism. Nearly all these authors habitually wrote for newspapers, where they undertook the task of disseminating and educating on culture. They tried to renew national sensitivity, paving the way for European modernity.

The winds of reform from the aesthetic avant-gardes blew strongly in Europe in the 1920s and such universal figures like Pablo Picasso, Salvador Dalí and Luis Buñuel emerged. Picasso’s works are connected to the Spanish roots and the disproportionate baroque temperament, full of contrasts, which seems to characterise Spanish art and, with his cubist style, wrote the first page of 20th century painting.

In contemporary painting, Juan Gris managed to reduce objects to their chromatic masses and elementary geometrics; and Joan Miró, master of surrealism, was deeply poetic and original, with his wise childlike view. Salvador Dalí was also close to surrealism: he was an exceptional artist and liked to provoke the bourgeoisie with shocking and calculated
gestures. Dalí had lived with Luis Buñuel and Federico García Lorca in the 1920s in the Student Residence in Madrid. This institution, of enormous importance because of its intellectual environment and prolific artistic activity, still exists to this day and is under the jurisdiction of the CSIC (Spain’s Higher Council for Scientific Research). The poets of the Generation of ’27 can be considered to have been conceived in this residence.

Except at the start of the 17th century, Spain had never had so many lyrical talents: Jorge Guillén, Pedro Salinas, Federico García Lorca, Rafael Alberti, Nobel prize-winner Vicente Aleixandre, Luis Cernuda, Dámaso Alonso and Gerardo Diego. In cultural terms, the Generation of ’27 represented a unique time in which the cheerful play of the avant-gardes, the excitement of modern art and the optimism of the inter-war period in Europe were the prevailing impressions.

Young artists were enthusiastic about the world of films, the “city lights”, the split with the bourgeois and realist art, and the excitement of the aesthetic and political revolution.

Years later they would all suffer the cruelness of the Spanish Civil War in their own flesh. Federico García Lorca was murdered, while Rafael Alberti, Luis Cernuda, Pedro Salinas, Jorge Guillén, Rosa Chacel and María Zambrano were forced into exile. This generation, which had brought the ideal of perfection of “pure poetry” to Spanish lyrical poetry, became more temporary and reflexive.

From the same prolific environment of the Student Residence, the film director Luis Buñuel also emerged and became internationally famous from his Paris retreat. He temporarily joined surrealism and his productions have a corrosive power and critical virulence that are somewhat parallel to the pictorial works of his fellow Aragonese, Francisco de Goya.

Another outstanding figure was the cellist Pau Casals, who tirelessly fought for the republican cause and the Catalan nation. His famous versions of Bach’s suites form part of the history of contemporary musical performance. Spanish cultural nationalism peaked with Manuel de Falla, where flamenco, a spontaneous manifestation of popular Andalusian songs, was first recognised as highbrow art.

The avant-garde renovation was also spread to Spanish sculpture. Not as popular as Picasso or Dalí, but Julio González, Pablo Gargallo and Alberto Sánchez are equally worthy of forming part of contemporary art history.

In the first part of the 20th century, Spanish theatre was at the peak of its popularity, mainly because of the plays from Jacinto Benavente, who won the Nobel prize for literature.

Compared with this high comedy, the one-act farce (sainete), with or without music, became the popular genre par excellence. These farces provided a simple and sentimental view of social life and customs, showing the daily lives of the popular Andalusian classes in the plays by the brothers Álvarez Quintero.
The plays by Arinches had a similar idea but they were based on an original and very attractive formula: grotesque tragicomedy, combining with comical and pathetic elements. Pedro Muñoz Seca was also a contemporary to all of them; his main work was *Don Mendo’s Revenge*.

Two leading playwrights monopolised Spanish theatre in the 20th century: Ramón María del Valle-Inclán and Federico García Lorca. Both reacted against conventional, bourgeois and naturalist theatre. García Lorca delved into poetic theatre and the new tragedy, while Valle-Inclán used a hitherto unheard-of procedure, the "esperpento". He made the classical princes and princesses look into concave and convex mirrors and the effect was a deformation that caricaturised reality, in parallel to his conviction that Spain was a deformation of Europe at the time. García Lorca’s plays go beyond Andalusian folklore to reach the mythical roots of the human being: passionate drama, barrenness and a society that blocks personal fulfilment.

**THE POSTWAR PERIOD**

As a result of the situation created by the Spanish Civil War, most of the intellectuals went into exile and limits were imposed by the new regime. This was an interval in which Spain started to recover slowly. Abroad, the exiles carried out an extraordinary task of disseminating Spanish culture: Francisco Ayala, Ramón J. Sénder, Max Aub, Gil Albert and Pau
Casáls were evidence of this.

In Spain, there was a double movement: some intellectuals integrated into the Francoist political approaches and others carried out their intellectual or artistic activity as a form of opposition.

Poetry evolved from the aesthetic approaches (Luis Rosales, Leopoldo Panero) to social realism (Blas de Otero, Gabriel Celaya, José Hierro, Carlos Bousoño) and to the reaffirmation of the nationalistic or avant-garde movements (Salvador Espriu, the novísimos group united by Barral and Castellet, etc.).

The works from the 1927 generation are still current and Vicente Aleixandre won the Nobel Prize for Literature in 1977. Twelve years later in 1989, Camilo José Cela also received it.

In the 1940s, the creation of national theatres grouped a number of authors who were able to overcome the restrictions imposed by the regime and set up a theatre open to the reforming trends from around the world. Antonio Buero Vallejo and Alfonso Sastre were the two main reforming playwrights.

Novels slowly recovered and found that their best subject was to provide an X-ray of their times: The Hive by Camilo José Cela and Time of Silence by Luis Martín Santos. Gonzalo Torrente Ballester, Miguel Delibes, Carmen Laforet, Sánchez Ferlosio, Fernández Santos and Juan Goytisolo turned into a generation of narrators which would be enriched with new talents.

In the 1970s, Juan Benet reformed the literary scene; and in the 1980s, the works by Javier Marías, Muñoz Molina and Pérez Reverte were disseminated as never before.

In plastic arts, there was a reform movement towards pictorial abstraction (Tàpies, Saura, Canogar, Millares, Guinovart), which later gave way to the critical realism of Genovés and pop art (Equipo Crónica). In the last few years, Antonio López’s radical realism has enabled him to become a safe bet and Miquel Barceló’s magical creativity has led him to conquer the most prestigious temples. In sculpture, the study
of shapes and volumes has been a constant in the works created by Chillida and Oteiza.

Spanish films were widely disseminated during the three decades (1940-1970). “Imperial cinema” brought to life by CIFESA (Spanish Industrial Film Company) later gave way to the reforming films by Bardem and Berlanga and, years later, Saura and the last productions from Buñuel.

In the early 1990s, Spanish cinema was rejuvenated with the generation of new directors such as Pedro Almodóvar, Fernando Trueba and, more recently, Alejandro Amenábar, who have reached their maturity in film production and been internationally acclaimed.
Chapter III
THE ORGANISATION
OF THE STATE


Photo: Lower House of Parliament.
THE SPANISH CONSTITUTION OF 1978

The Spanish Constitution has been classified as the Constitution of consensus. It was written based on the negotiations and agreements made among the different political parties with a parliamentary presence. The 1978 Constitution, approved by the Spanish people in its referendum of 6 December, came into force on 29 December that same year.

With a preamble, 169 articles divided into 10 parts and various transitional and additional provisions, the current Constitution is, after the 1812 Constitution, the longest in Spain’s history.

Article 1 proclaims that «Spain is hereby established as a social and democratic State, subject to the rule of law, which advocates freedom, justice, equality and political pluralism as the highest values of its legal system». Furthermore, it establishes that national sovereignty belongs to the Spanish people, from whom all State powers emanate, and that the political form of the Spanish State is the Parliamentary Monarchy.

The Magna Carta contains a long list of fundamental rights and public freedoms of all citizens and enshrines the State of the Autonomous Communities.

The principle of the separation of State powers should also be highlighted: legislative, executive and judicial.
THE CONSTITUTIONAL COURT

The Constitutional Court is the supreme interpreter of the Constitution. It is independent from other constitutional bodies and subject solely to the Constitution and to the Constitutional Court Act of 1979 (Ley Orgánica 2/1979), which governs it.

The Court comprises twelve members appointed by the King at the proposal of the Lower House of Parliament (Congreso de los Diputados) by a majority of three fifths (four), by the Upper House of Parliament (Senado) with the same majority (four), the Government (two) and the General Council of the Judiciary (Consejo General del Poder Judicial) (two).

Appointments are made for a period of nine years and the Court is renewed by thirds every three years, without its members being able to be re-elected. Its powers can be divided into three main groups: first, it controls the constitutionality of laws; second, it resolves conflicts of powers that may arise between the State and the Autonomous Communities, or between Autonomous Communities; and, finally, having exhausted ordinary legal procedures, it is empowered to safeguard the fundamental rights of citizens through the appeal for protection (recurso de amparo) lodged when ordinary legal procedure has been exhausted to protect an alleged violation of these fundamental rights. Citizens, the Ombudsman and the Office of the Crown Prosecutor (Ministerio Fiscal) are entitled to lodge such an appeal.
INSTITUTIONS

THE CROWN

The political form of the Spanish State is the Parliamentary Monarchy. The King, as head of State, symbolises the unity and presence of the State, exerts an arbitration and moderating function of the regular functioning of the institutions, and is the highest representative of Spain in international relations.

LEGISLATIVE POWER

The exercise of the legislative power of the State falls to the Parliament (Cortes Generales), representing the Spanish people and controlling the actions of the Government. The Parliament comprises two Houses: the Lower House of Parliament and the Upper House of Parliament. It is, therefore, a bicameral parliamentary system of the type called “imperfect bicameralism”, because the powers of the Houses are not comparable. Members of both Houses are elected for four years. The President of the Government may request the early dissolution of the Parliament.

The Lower House of Parliament (Congreso de los Diputados). The Lower House of Parliament comprises 350 members. All bills and non-government bills must first be examined, without exception, in the Lower House. The Upper House of Parliament has the right of veto or amendment of the text produced by the Lower House, the latter being entitled to make the final decision after a new examination. Furthermore, it is the Lower House that executes the investiture of the President of the Government and, therefore, it is this House which may bring about their resignation, either by approving a motion of censure or refusing to concede the confidence required by the Government.

The Upper House of Parliament (Senado). In the Constitution the Upper House takes the form of the house of territorial representation. 266 members comprise the X Parliamentary Term; 208 of whom are elected by direct universal suffrage and a further 58 are appointed by the Legislative Assemblies of the Autonomous Communities: one per Autonomous Community and an additional one for each million inhabitants of their respective territory.
EXECUTIVE POWER

The Government

In terms of the functions of the Government, Spain's constitutional text hardly differs from the norm in contemporary parliamentarianism. This Government is responsible for the executive function and the commencement of legislative action, the possibility of governing by way of emergency legislation (the ratification of which is delegated to the Lower House) and the drawing up of the draft budget. The Government oversees domestic and foreign policy, civil and military administration and the defence of the State.

In Spain the Government is formed at two very distinct times. A first phase in which the presidential candidate submits their mandate of Government to the consideration of the Lower House, and a second phase in which the president, once the confidence of the House has been conferred and once appointed by the King, proposes the appointment of ministers to the King. This fact, together with the direction of the Government’s action, means that in the internal organisation of the executive the figure of the President of the Government stands out to the extent that we could talk about a "prime minister regime" in the case of the Spanish constitutional regime.

The collegiate body of the executive is the Council of Ministers (Consejo de Ministros), formed by the president, the vice-president(s) and the ministers. It meets every week.

The current Government consists of the President of the Government, the Vice-president with ministerial office and twelve ministers.

INSTITUTIONS OVERSEEING THE GOVERNMENT

There are two institutions directly attached to the Parliament, that perform specific tasks regarding the control of the Government, as set down in the Spanish Constitution.

Court of Auditors (Tribunal de Cuentas)

According to article 136 of the Constitution, this court is the maximum regulatory body of the State accounts and financial management, and that of the public sector. As explained above, it is attached to the Parliament and any disputes that arise regarding their powers or functions shall be resolved by the Constitutional Court. It is governed by the Court of Auditors Act of 1982 (Ley Orgánica 2/1982). Its president is appointed by the King, from among its members at the proposal of the Plenary Body, with a mandate of three years. The Plenary Body comprises twelve members and a Crown Prosecutor.

The Ombudsman (Defensor del Pueblo)

The Spanish Constitution of 1978 created the institution of the Ombudsman as "high commissioner" of the Parliament to guarantee the defence and protection of fundamental rights. The Ombudsman is elected by
the Parliament for a period of five years pursuant to the Ombudsman Act of 1981 (Ley Orgánica 3/1981), by which this institution is governed. The figure is widespread in the institutional framework of the Autonomous Communities.

ADVISORY BODIES OF THE GOVERNMENT

State Council (Consejo de Estado)
The State Council is the supreme advisory body of the Government. It is governed by the State Council Act of 1980 (Ley Orgánica 3/1980). It has an advisory function with organic and functional autonomy to assure its objectivity and independence in accordance with the Constitution and laws. It is formed by State councillors, who must have held senior positions of responsibility in the administration, civil or military, and academic areas to be able to be appointed members of the Council.

Economic and Social Council (Consejo Económico y Social)
The Economic and Social Council is a high-level government advisory body concerned with socioeconomic policies. It is also a place of understanding for the social and economic agents whose purpose is to implement the social and democratic rule of law. It comprises a Chair and sixty members: twenty councillors appointed by trade unions, twenty more appointed by business organisations and twenty more from associations and organisations.

THE JUDICIARY

Justice, according to the Spanish Constitution of 1978, emanates from the people. It is administered on behalf of the King by the judges and magistrates of the Judiciary. It is important to note the principle of jurisdictional unity, as justice is administered by a single body of judges and magistrates.
General Council of the Judiciary (Consejo General del Poder Judicial)
This is the governing organ of judges and magistrates. It is made up of the president of the Supreme Court and twenty members appointed by the King at the proposal of the Parliament, with a three-fifths majority, for a period of five years. Twelve of these members must be judges or magistrates.

The Supreme Court (Tribunal Supremo)
This is the highest judicial body of the State, except as regards constitutional safeguards, which fall within the purview of the Constitutional Court. Its president, who also presides the General Council of the Judiciary, is appointed by the King at the proposal of this body.

STATE SYMBOLS

THE FLAG
The flag of Spain instituted by the King Charles III by Royal Decree 28 May 1785 is currently governed by the Constitution of 1978, which says: “The flag of Spain consists of three horizontal stripes: red, yellow and red, the yellow stripe being twice as wide as each red stripe”. Furthermore, Act of 1981 which governs the use of the flag states in its first article that: “The flag of Spain symbolises the nation; it is a sign of the sovereignty, independence, unity and integrity of the country and represents the highest values expressed in the Constitution”.

The Crown Prosecutor of the State (Fiscal General del Estado)
The Crown Prosecutor is appointed by the King at the proposal of the Government, after consulting the General Council of the Judiciary. The mission of the Office of the Crown Prosecutor is to instigate legal proceedings to protect the rights of citizens and of public interest as provided for by law, whether on its own motion or at the behest of interested parties. It is also responsible for safeguarding the independence of the courts and defending the public interest in court proceedings. The Crown Prosecutor may lodge an appeal for protection.

THE COAT OF ARMS
Throughout history the coat of arms of Spain has undergone a number of changes since its original design at the time of the Catholic Monarchs. It is currently governed by the Coat of Arms Act of 1981 and by Royal Decrees 2964/81, of 18 December, and 2267/82, of 3 September.

THE NATIONAL HYMN
On 10 October 1997 the Council of Ministers approved the characteristics and provisions that governed the
use of the national hymn, with Royal Decree 1560/97 published the following day in the Official State Gazette (Boletín Oficial del Estado). The Official State Gazette sets down that the origin of the national hymn is Marcha Granadera or Marcha Real.

THE TERRITORIAL ORGANISATION OF THE STATE

THE AUTONOMOUS COMMUNITIES AND CITIES WITH A STATUTE OF REGIONAL AUTONOMY

The Constitution of 1978 recognised and guaranteed the right to autonomy of the nationalities and regions forming part of the Spanish nation and the solidarity between all of them. The development of the constitutional provisions has led to a sea change in the territorial organisation of the State. This has been brought about through the creation of the Autonomous Communities and the Autonomous Cities of Ceuta and Melilla, with the consequent redistribution of political and administrative power between central and autonomous authorities. The outcome of this redistribution has made Spain one of the most decentralised countries in Europe.

Each Autonomous Community has its Statute of Regional Autonomy, approved by the so-called Ley Orgánica (an Act approved by qualified majority). This is the basic institutional regulation of the Community, governing essential aspects such as the organisation and operation of its Parliament and Government, the powers the Community assumes, its Administration, the identifying marks and distinctive aspects such as language or civil law and relations with the State and other Autonomous Communities.

The distribution of powers between the State and the Autonomous Communities is based on the distinction between the exclusive powers of the State and the Autonomous Communities, the powers shared between the State and the Autonomous Communities and concurrent powers, in which both the State and Autonomous Communities may intervene. The exclusive powers include legislative power and implementing capacity, while shared powers may lead to a different distribution of legislative and regulatory power between the State and Autonomous Communities, which usually hold the implementing capacity in these cases. If a conflict of powers occurs, the Constitutional Court settles the matter, as in other politically decentralised states.

The system of government of the Autonomous Communities is parliamentary in nature. Its basic institutions being the Legislative Assemblies, the president of the Autonomous Community and the regional government.
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<th>Number of inhabitants. Population Census 2011</th>
<th>Population density (Inhab/Km²)</th>
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<th>% on the national total</th>
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Source: National Statistical Institute (INE) and Eurostat.
(1) Advance Estimate, Spanish Regional Accounts (CRE), base 2008.
(2) The figure for GDP in Spain corresponds to the total of the data from the regional territories plus data corresponding to extra-regio territory.
Autonomous Communities have considerable freedom in terms of economic and financial management. They are able to approve their own annual budgets and determine their own resources through taxes, rates and surcharges. The general funding system of Autonomous Communities, which also includes taxes assigned by the State and participation in national taxes, is set multilaterally by the State and Autonomous Communities, ensuring inter-regional solidarity and an equal threshold in the provision of basic public services throughout Spain thanks to a range of financial mechanisms. Furthermore, Basque Country and Community of Navarre, have two special systems by virtue of their regional systems: the Economic Accord (concierto económico), in the case of the Basque Country, and the Agreement (convenio), in the case of Navarre. With these financial systems, these Communities agree with the State their contribution to its support and the harmonisation of their own tax system with the one prevailing in the rest of national territory.

The future of the Autonomous State

The experience of the implementation of the Autonomous State for almost thirty years, the overall balance of which is wholly positive, has helped pinpoint aspects that could be improved as regards its functioning, without detriment to its constitution. The need to reform the system of funding to increase joint tax responsibility of Autonomous Communities, ensuring solidarity and regional cohesion, was also made clear.

In order to perfect the state of the Autonomous Communities in this sense, most of the Autonomous Communities have implemented reforms of the Statutes of Regional Autonomy in recent years. Reforms are now approved for the Statutes of Community of Valencia and of Catalonia (2006), of Balearic Islands, of Andalusia, Aragon and Community of Castille-Leon (2007), the amendment of the Charter of Navarre (Fuero de Navarra) (2010) and that of Extremadura (2011). Other Legislative Assemblies have submitted their proposed statutory reforms to the Parliament or are currently working on them.

Furthermore, the State and Autonomous Communities agreed on a new general system of funding, effective from 1 January 2009, which represents an important step towards the consolidation of the Autonomous State, by ensuring the benefits of the welfare state, among others. However, the system will be improved upon, constituting the recent approval of the Budget Stability and Financial Sustainability Act of 2012 (Ley Orgánica 2/2012), the first phase for increasing the cohesion and sustainability of our Autonomous State.

It can be concluded, therefore, that the Autonomous State is currently in a final stage of maturity and improvement, requiring several years for its culmination.
4,855 municipalities (59.82%) have a population not exceeding 1,000 inhabitants and 6,797 (83.74%) are municipalities whose population does not exceed 5,000 inhabitants. Only 145 municipalities (1.78%) have a population of over 50,000 inhabitants.

In terms of organisation, the institutions of government and administration of the municipalities are town councils (ayuntamientos), those of the provinces are provincial councils (diputaciones provinciales) and those of the islands are the island councils: Cabildos in the Canary Islands and Consejos Insulares in the the Balearics.

The governing bodies of the town councils are the mayor, who presides the town council, the deputy mayors, who stand in for the mayor, the local government board (Junta de Gobierno Local), which is only required in municipalities with a population of over 5,000 inhabitants, and the Plenary Body (Pleno), comprising all town councilors, who are elected directly by the residents of the municipality with open lists for municipalities whose population does not exceed 250 inhabitants and with closed lists for municipalities of over 250 inhabitants, using the proportional voting system.

The mayor is elected by absolute majority of the town councillors, from the candidates at the top of the corresponding electoral lists. If a majority is not obtained, the councillor at the top of the list with the most popular votes is proclaimed mayor. In municipalities using open lists, the candidate who wins an absolute majority of the votes of the town councilors.

LOCAL BODIES

In Spain today there are 50 provinces and 8,117 municipalities that, due to the number of inhabitants, are very unevenly distributed in terms of size. Thus, in accordance with the official figures from the review of the municipal register at 1 January 2011,
is proclaimed mayor; and if neither wins the majority, the councillor who has won the most popular votes in the election is proclaimed mayor.

In addition, there is a special system of open council (concejo abierto), reformed in January 2011, in which municipalities with fewer than 100 inhabitants, together with those that traditionally and voluntarily use this special system, and those which, owing to their geographical location, this is the best way to manage municipal interests, have a municipal government and administration made up of a mayor and a local assembly that all voters are part of.

In municipal elections it is not just Spanish voters who enjoy active and passive voting rights, but also European Union citizens living in Spain under the same conditions as Spanish people and also foreign residents in Spain whose respective countries allow Spanish people to vote in these elections under the terms of a treaty (article 13.2 of the Spanish Constitution and article 176 of General Electoral System Act of 1985, [Ley Orgánica 5/1985]).

The government and the autonomous administration of the province generally correspond to the provincial council.

The provincial council is indirectly elected. Its members belong to different political parties, coalitions, federations and groups of voters who have obtained a town councillor within each circuit after the local elections.

Its main task is to assist and cooperate with municipalities, particularly those with lower economic and management capacities, as well as to assure the provision of the minimum mandatory services the law imposes on the municipalities.

On a provincial level, there are special systems of management and administration, such as the regional bodies of Álava, Guipúzcoa and Vizcaya, the Cabildos of the Canary Islands and the Consejos Insulares of the Balearic Islands.

THE LANGUAGES OF SPAIN

The Spanish Constitution establishes in Article 3 that Castilian is the official Spanish language of the State and that all Spaniards have a duty to know it and the right to use it. The other Spanish languages shall also be official in the respective Autonomous Communities in accordance with their statutes. Furthermore, it sets down that the different linguistic forms of Spain is a wealthy cultural heritage which shall be especially respected and protected. The Constitution, together with legislation of the bilingual Communities of Spain, is an advanced legal corpus regarding the acknowledgement of linguistic rights, without prejudice to the Spanish or Castilian language.
The official language of the State, Castilian, is the language of the former kingdom of Castile. When it spread across the world in the 16th and 17th centuries, it became increasingly referred to as “Spanish”. Since then both names have coexisted. Internationally, the most widely accepted name is “Spanish”, while “Castilian” tends to be used in the north of Spain and in its bilingual areas, as well as across vast regions of South America.

Like the other Romance languages, Spanish was formed over the long period ranging from the 4th to the 10th centuries as a result of the fragmentation of Latin.

In the 13th century it was already a language of culture. The popular epic gave rise to The Poem of the Cid, an anonymous 12th century poem that suggests the existence of an old literary tradition prior to it. During the Middle Ages monks in monasteries compiled glossaries on romance and cultivated the Castilian literature genre Mester de Clerecia, whose highest representative was Gonzalo de Berceo.

In the early 16th century, Castilian had spread throughout the Iberian Peninsula and was becoming an international language. Its prestige swept across the rest of Europe, particularly the Italian and Flemish states, but also France, Great Britain and Germany.

In the dissemination of the Spanish language, its arrival in America in 1492 was to be crucial. Castilian was to be the language that travelled to the new overseas territories and, once there, it was to borrow many words from the indigenous languages. Christopher Columbus himself notes some of these new words in his diaries: “canoa” (canoe), “hamaca” (hammock), “tiburón” (shark), “tabaco” (tobacco), “caiman” (alligator). For over five centuries, Castilian took hold and spread from Tierra del Fuego to the Rio Grande and across the Pacific Ocean to the Philippines.

The orthographic, grammatical and lexical rules of Spanish are decided by the Spanish Royal Academy (Real Academia Española), founded in 1713, and by the Association for Academies of the Spanish Language.

Spanish is a language that has been growing virtually since the 16th century, and time has not held it back.
In the late 19th century there were around 60 million speakers. Over a century later, Spanish, with 400 million native speakers, is the second most spoken language in the world as a native language (after Chinese and ahead of English and Hindi). It is one of the three languages which are habitually considered an official working language in multiple international organisations and one of the six official languages of the United Nations.

Today it is the official language around twenty countries across the world. The USA, with its 50 million Hispanics, is the second country in the world in terms of the number of Spanish speakers, after Mexico, and ahead of Spain, Colombia and Argentina.

Spanish speakers are - if only countries where it is an official language are taken into account - around 6% of the world's population, compared to 8.9% of English speakers and 1.8% of French speakers. Another significant fact is that Spanish is spoken by 94.6% of the population living in countries where it is the official language, a far higher percentage than the 34.6% of the population of French-speaking countries and 27.6% of the population of the English-speaking countries.

In 1991 the Instituto Cervantes was founded to universally promote Spanish and disseminate culture in Spanish language. It is a non-profit body with the main governing body being the board of trustees, whose honorary president is the King of Spain. The Executive Presidency corresponds to the president of the Government.

**CATALAN**

Together with Castilian, Catalan is the official language of the Autonomous Communities of Catalonia (1979) and the Balearic Islands (1983). Outside Catalonia it is spoken in the Principality of Andorra, on the border of Aragon with Catalonia and trans-Pyrenean territories of Rosellón and Sardinia, as well as in the Italian city of Algher (Sardinia).

Catalan first appears in written documents in the second half of the 12th century. Legal, economic, religious and historical texts written in Catalan have been preserved since that time. The first great universal literary talent in this language appeared in the 13th century: Ramon Llull. He was the first writer to use Catalan in literary prose as normal instrument of communication and as a tool for cultural expression.

After the War of Succession (1705-1715), the use of Catalan was restricted and at times prohibited. This means that the greater or lesser implantation and use of the language in its own territory since the 18th century has depended more on political reasons than on strictly sociocultural reasons.

In the 19th century a period of economic, cultural and national recovery began, called Renaixença (Catalan resurgence). The Catalan language endures as a vehicle for literary culture thanks to important figures such as Jacint Verdaguer, Narcís Oller and Àngel Guimerà. The Renaixença sought to make society aware of the lack of unity in the use of the language
(there was no model of common written language) and of the need to establish rules on orthography.

The creation of the Catalan Studies Institute (Institut d’Estudis Catalans) (1907) enabled the language to be systematized through the publication of Normes ortogràfiques (1913), Diccionari ortogràfico (1917) and Gramàtica catalana, produced by Pompeu Fabra (1918).

In 2000 Institut Ramon Llull was created to promote the Catalan language outside Spain.

**VALENCIAN**

Article 7 of the Statute of Regional Autonomy of Community of Valencia establishes that the two official languages of the Autonomous Community are Valencian and Castilian and later states that the Generalitat Valenciana (regional government of Valencia) shall guarantee the normal and official use of both languages, adopting the necessary measures to ensure its comprehension. In addition, it states that special protection and respect for the recovery of Valencian shall be afforded.

It achieved its highest literary splendour in the 15th century and part of the 17th century. The dukes of Calabria commenced a gradual process of writing more documents in Castilian, but its presence continued in daily use.

At the end of the 19th century, the movement known as the Renaixença represented a slight increase in the use of the language in essays and literary publications, which continued throughout the first few decades of the 20th century.

In 1932 the rules on the orthography called «de Castellón» were agreed and were observed for forty years with no problems by Valencian writers.

In 1998 the Cortes Valencianas (Legislative Assembly of Valencia) approved an Act creating the Academy of the Valencian Language (Ley 7/1998). Article 3 of the above Act states that the purpose of the academy is to determine and compile, if applicable, the linguistic rules of the Valencian language.

**BASQUE**

Basque is one of the oldest languages in Europe. Its origins are subject to a wide range of hypotheses; some linguists argue that it could be related to Caucasian languages, due to certain similarities with Georgian. Today it is spoken in the Spanish Basque Country, in the north of Navarre and French Basque territory.

The first texts written in Basque date from the 16th century, when Bernat Dechepare or Beñat Etxepare published Linguae Vasconum Primitiae. Later, in 1571, Joanes Leizarraga translated the New Testament (Testamentu Berria) into Basque.

In 1979 the Statute of Regional Autonomy declared Basque the official language of the Basque Country.
Since then many rules have been developed and various bodies and institutions have been created in order to recover the linguistic ability, use and status of Basque. The rules of this language have been established by the Royal Academy of the Basque Language (Euskaltzaindia), founded in 1918.

In 2007 the Basque Institute Etxepare was created to disseminate Basque language and culture.

GALICIAN

Galician is spoken across practically the whole of Galicia and on its borders with Asturias, León and Zamora. Its literature thrived in the Middle Age. The Cantigas de Santa María of King Alfonso X the Wise exemplify its use and prestige as a literary language at the close of the 13th century.

In the 19th century there emerged a cultural movement known as the Rexurdimento (Galician resurgence) with the aim of preserving the distinctive features of Galicia, including its language. In 1863, the publication of the work by Rosalía de Castro Cantares Gallegos was to represent one of the most important works of Galician literature.

In 1905 the Galician Royal Academy was established. This represented the institutionalization of the Galician language and rules regarding its idiomatic usage. The 1978 Constitution and subsequent linguistic and educational regulation of Galicia have enabled Galician to be used in schools and as a respected language in social communication.

POLITICAL LIFE: CONSTITUTIONAL FOUNDATIONS

POLITICAL PARTIES

In accordance with article 6 of the Spanish Constitution, the political parties express political pluralism, contribute to the formation and expression of the will of the people and are an essential instrument for political participation. The Constitution protects its creation and activity and determines that its structure and functioning should be democratic.

Political Parties Act of 2002 (Ley Orgánica 6/2002) governs the legal status of the parties. It sets down and specifies the constitutional requirements of organisation and functioning and of activity subject to the Constitution and to law, particularly as regards democratic principles and constitutional values which must be observed in its internal organisation and external activity. Its aims are to ensure the functioning of the democratic system and essential freedom of citizens; prevent a political party from repeatedly and seriously jeopardising such democratic system of freedom, justifying racism and xenophobia and politically supporting the violence and activities of terrorist groups.
Funding of Political Parties Act of 2007 (Ley Orgánica 8/2007) lays the foundations for the public funding of parties, taking their parliamentary presence as a criterion.

The moderate and pluralist system of parties is characterised by the existence of regional and nationalist parties, reflecting the system of autonomous communities and the territorial organisation of the State.

Some 3,200 parties are officially entered in the Register of Political Parties, although few have a minimum organisational capacity and even fewer have a significant national or regional parliamentary presence.

The political groups that currently make up the Lower House of Parliament are divided into the following parliamentary groups: Grupo Parlamentario Popular (People’s Parliamentary Group) (185 members); Grupo Parlamentario Socialista (Socialist Parliamentary Group) (109 members); Grupo Parlamentario Catalán-Convergència i Unió (Catalan Parliamentary Group-Convergence and Union) (16 members); Grupo Parlamentario de La Izquierda Plural: Izquierda Unida, Iniciativa per Catalunya-Verds-Esquerra Unida i Alternativa (Parliamentary Group of The Plural Left: United Left, Initiative for Catalonia-Greens-United and Alternative Left) (ICV-EUiA) and Chunta Aragonesista (Aragon Nationalist Party) (CHA) (11 members); Grupo Parlamentario de Unión Progreso y Democracia (Parliamentary Group of Progress and Democracy Union) (5 members); Grupo Parlamentario Vasco- Euzko Alderdi Jeltzalea-Partido Nacionalista Vasco (Basque Parliamentary Group – Basque Nationalist Party) (EAJ-PNV) (5 members); and Grupo Parlamentario Mixto (Mixed Parliamentary Group) (18 members). This last party is formed by Coalición Amaiur (Amaiur Coalition) with 7 members, Esquerra Republicana de Catalunya (Republican Left of Catalonia) (ERC) with 3 members, Coalición Canaria-Nueva Canarias (Canary Island Coalition-New Canary Islands) (CC-NC-PNC) with 2, Bloque Nacionalista Galego (Galician Nationalist Bloc) (BNG) with 2, Compromis-Q with 1, Foro de Ciudadanos (Citizens’ Forum) (FAC) with 1, Geroa Bai (Yes to the Future) (GBAI) with 1 and Unión del Pueblo Navarro (People’s Union of Navarre) (UPN) with 1.

PARLIAMENTARY, REGIONAL, LOCAL AND EUROPEAN ELECTIONS

The political participation of Spaniards is performed through their representatives, who are elected by free, equal, direct and secret universal suffrage, through four types of election: parliamentary, regional, local and European elections.

Parliamentary elections

The purpose of this type of election is to appoint the representatives of the Parliament. Each of the two houses of the Parliament – Lower House and Upper House - has its own electoral system.
The Lower House of Parliament uses a modified proportional system. The voting district is the province (plus Ceuta and Melilla) and they are multi-member districts. The candidacies are presented in closed blocked lists. The number of members to be elected in each district is allocated by combining a minimum distribution of two for each, with those remaining being distributed using population criteria. Ceuta and Melilla have one member each. D'Hondt’s formula of modified proportional voting is used for allocating seats.

The Upper House of Parliament has a majority system of limited voting. The voting districts are the provinces, in which voters can vote for up to three candidates, the islands of Tenerife, Gran Canaria, Majorca, and the cities of Ceuta and Melilla, in which voters can vote for up to two candidates and the remaining islands, in which voters can vote for one candidate. The lists are open and unblocked, and candidates from different parties can be elected. The first candidate appearing in the candidacy does not have to be elected. The vote is cast by marking the chosen candidate on a single list on which all candidates appear in alphabetical order. 208 senators are elected through this procedure, to which are added 58 (X Parliamentary Term) designated by the Autonomous Communities (with one senator per Autonomous Community, plus another senator for every million inhabitants).

The Upper House’s electoral system is exceptional in Spain, as the other elections (regional, local and European) use similar systems to that of the Lower House.

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### ELECTION RESULTS FOR THE PARLIAMENT HELD IN 2011 * and 2008

#### LOWER HOUSE OF PARLIAMENT

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*The 2011 elections held on 20 November 2011 for both the Upper and the Lower Houses.
Regional elections
The members of the Legislative Assemblies of the 17 Autonomous Communities are elected, as well as the members of the assemblies of the Cities of Ceuta and Melilla. The composition of these assemblies ranges, depending on the population of each Autonomous Community, from 33 to 135 seats, except in the Basque Country, where twenty-five members are allocated to each historical territory regardless of the number of inhabitants, and the Cities of Ceuta and Melilla, whose assemblies consist of twenty-five members.

Local elections
These elections are held at the same time as the majority of the regional elections (except in the Autonomous Communities of Catalonia, the Basque Country, Galicia and Andalusia) and the elections for the assemblies of Ceuta and Melilla. This enables the town councillors for over 8,000 municipalities to be elected simultaneously, with the mayor being elected afterwards. In these elections the voting district is the whole municipality.
There is a special voting system for municipality with a population of fewer than 100 inhabitants which function on an open council basis, and those that traditionally or by municipal decision and with approval of the Autonomous Community adopt this special government and administration regime, in which residents as voters directly elect a mayor through a majority system.

**European elections**

They enable Spanish representatives to be appointed to the European Parliament (54 in the Parliamentary Term 2009-2014). The voting district is the entire territory of the State. As in the case of the Lower House of Parliament, the lists are closed and blocked.

**SAFEGUARDING LIBERTIES**

**LAW ENFORCEMENT OFFICIALS**

Public safety is the exclusive competence of the State. Its maintenance corresponds to the national government. The regulation of these competencies on security is set down in the Law Enforcement Officials Act of 1986 (*Ley Orgánica 2/1986*). The law enforcement officials are:

The law enforcement officials of the State which are attached to national government: They exercise their functions throughout Spain. They comprise the National Police Corps and the Civil Guard. Their main role is to protect the free exercise of rights and freedoms and guarantee public safety. The National Police Corps is an armed institution that is civil in nature and attached to the Ministry of Home Affairs. They perform their duties in the provincial capitals, municipal boundaries and urban communities determined by the Government. The Civil Guard is a law enforcement agency. It was founded in the middle of the 19th century. It is organised as an armed institution that is military in nature and attached to the Ministries of Home Affairs and Defence. It performs its duties throughout Spain and its territorial sea.

The law enforcement officials attached to the Autonomous Communities: Some Autonomous Communities, using the powers recognised in the Statutes, have created law enforcement authorities for security and protection duties established in the Constitution and in the Enforcement Officials Act. The Mossos d’Esquadra in Catalonia, the Ertzaintza in the Basque Country, the Policía Foral in Navarre and the Cuerpo General de la Policía Canaria belong to this category, among others.

The law enforcement officials attached to local councils: This is an armed institution that is civil in nature, with a hierarchical structure and organisation. The local police are empowered in anything concerning the enforcement of specific local laws in the scope of their powers.
In recent years a significant effort has been made to improve coordination between national, regional and local police forces. As a whole they amount to more than 246,000 officers to guarantee safety in Spain.

THE FIGHT AGAINST TERRORISM

The right to life and freedom and, in this context, to physical integrity and freedom of expression are fundamental rights laid down in the Spanish Constitution. These rights, in particular, and our pacific democratic coexistence, as in other countries, is at risk from the blight of terrorism, which has become one of the main threats across the world.

In Spain, the terrorist activity of ETA started in the 1960s, before the advent of democracy, with a clear objective: to impose a totalitarian and fanatical ideology on a territory which would seek independence and covered Spain (the Basque Country and Navarre) and France (three districts in the department of the Pyrénées-Atlantiques) through the practice of indiscriminate terrorism, killing more than eight hundred people and injuring thousands more, including considerable material damage, as well as extortion, threats and coercions that have forced many people to make new homes outside those regions.

With the arrival of democracy, which paved the way for the activity of all parties and organisations, whatever their objectives and ideas, and after benefiting from a general amnesty in 1977, Spanish society as a whole began to hope that ETA would cease its terrorist activity. This hope was to be dashed and the terrorist group not only continued the violence, but stepped up its criminal activity.
On 8 December 2000, the centre-right Partido Popular (People’s Party) and the centre-left Partido Socialista Obrero Español (Spanish Socialist Worker’s Party) signed an agreement for liberties and against terrorism, stipulating that “the fight against terrorism corresponds to the Government of Spain” and it expresses the “will to remove from legitimate political or electoral confrontation between our parties policies to put an end to terrorism”. In addition, it states that “under no circumstances shall any political advantage or interest be extracted from terrorist violence”. This agreement was ratified by the main agents and social groups.

In recent years the Justice system has dismantled the political, international, financial, media and civil disobedience structures that ETA has had access to in the last four decades, backed by the European Court of Human Rights.

The robustness of the rule of law, shown by effective police and judicial action, has forced ETA to announce a permanent cease of its terrorist activity. The terrorist group still exists and Spanish society, through its democratic representatives, demands its definitive and unconditional disbanding.

In the fight against terrorism, Spain counts on the support and cooperation of other countries that have experience of terrorism. Cooperation with France is a reference in the model of international cooperation, in terms of both the police and the judiciary. Both countries have established joint investigation teams to fight terrorism by ETA and radical Jihadism. The European Arrest Warrant and Surrender Procedures have also become a key instrument for legal cooperation and extradition procedures have become faster and more effective, making international cooperation a mainstay in the fight against terrorism of all kinds.
Chapter IV

FOREIGN POLICY

United Nations emblem.

Images and audio bank of the National Institute of Educational Technologies and Teacher Training (Instituto Nacional de Tecnologías Educativas y de Formación del Profesorado).
Spain’s foreign policy is a genuine state policy which must act effectively to foster the country’s values and interests by focusing, during recessions, on four main objectives: stimulating the economic recovery, strengthening Spain’s position in Europe and the world, reinforcing citizens’ security inside the country and abroad, and achieving an effective and selective development cooperation.

Spain’s foreign policy continues to focus on its main traditional areas: the Euro-Atlantic, Ibero-American and Mediterranean axis, with a growing commitment towards Asia and the Pacific and the consolidation of our relations with Africa.

An effective multilateralism is also a fundamental cross-functional objective of Spain’s foreign policy in priority areas such as the protection and fostering of human rights, security, combating terrorism, disarmament and non-proliferation, and sustainable development.

Finally, Spain’s EU membership is a framework reference and a fundamental channel which has consolidated the country’s foreign actions in all its dimensions after the entry into force of the Lisbon Treaty.
THE MARCA ESPAÑA STRATEGY AND THE GOVERNMENT HIGH COMMISSIONER

The Marca España project has two premises: continuity and sharing.

- Continuity, because it is a state policy with long-term efficacy. The guarantee of the Marca España project’s continuity is that it can be created and developed based on consensus, and

- Sharing, because all the players that can provide an image of Spain must participate and have a shared view. This requires close public-private collaboration more than ever before.

Marca España is an academic task since it establishes two maps, domestic and international, that describe the advantages and shortages of Spain. Nevertheless, it is also a political task since it conceives and executes an influential foreign policy and makes internal proposals with the objective of developing influential actions in the former and achieving institutional improvements in the latter.

In the current recession, Marca España can and must help in the economic recovery and job situation. An improved country image both inside and outside Spain will help to raise exports, attract foreign investment, support the internationalisation of Spanish companies (boosting the large companies’ pull effect on SMEs seeking niches abroad), increase tourism and, in short, assist the economic recovery.

The Spanish government fosters the Marca España strategy because of its overall view and the need to achieve a common good, beyond conflicting interests. However, the government does not unilaterally act or decide on this issue. Marca España is based on the work of all the public and private departments and bodies that have maintained and maintain a key foreign image of Spain, coordinating and orienting all their efforts, including all the Autonomous Communities.

To direct this strategy, the Government High Commissioner for Marca España was created; a position which is currently held by Carlos Espinosa de los Monteros after being appointed by the government and taking up the post on 12 July 2012.

The High Commissioner plans, spearheads and coordinates the actions taken by the Public Administrations, the public bodies that depend on them and the public and private entities that promote Spain’s image abroad in the economic, cultural, social, scientific and technological areas.
To do this, he will draft the Annual Foreign Policy Plan to promote Marca España and submit periodic reports to the government regarding the activities carried out and their results.

The High Commissioner acts with the support from:

- The Marca España Board, which includes the presidents and managers of the project’s main players and debates and analyses its main action guidelines. It comprises the heads of the following organisations: the State Secretariat for Communication of the Presidency of the Government, National Sports Council, Secretary General of Agriculture and Food, Secretary General of Defence Policy, Spanish Olympic Committee, Cervantes Institute, Real Instituto Elcano, ICEX, TURESPAÑA, Fundación Carolina, and the Directorates General of International Economic Relations, Media and Public Diplomacy, Trade and Investments, and Economics and Competitiveness, plus EFE Agency and Spain’s Ambassador for Cultural Diplomacy.

- Three main tools: work groups, the Marca España website and the Intranet.

- The companies which are the leading players as well as the potential beneficiaries of the Marca España project. In this context, the project will work with the Forum of Leading Brands of Spain (abbreviated FMR), made up of the Central Government and the leading companies of Spain.

- On the academic side, Marca España has partnered with Real Instituto Elcano, which will create a Marca España Observatory that will develop a series of indicators that will enable us to ascertain Spain’s image abroad now and as it evolves over time.

The launch of Marca España was accompanied by a communication campaign. To this end, partnership agreements between the Government High Commission for Marca España and EFE Agency and Spanish Radio and Television Corporation (RTVE) have been already signed.
SPAIN AND THE EUROPEAN UNION

The European Union (EU) is an organisation that is open to the world and was founded based on common values of freedom, democracy, rule of law and respect for human rights. Its strategic objectives include consolidating a stable and united Europe, with its own voice on the international scene. The EU’s responsibilities and influences around the world are increasingly greater, in line with its economic, commercial and diplomatic weight: it is the world’s largest trade area, it has a benchmark currency and it is the largest donor of human aid.

The European Communities began in the 1950s\(^1\) without Spain, which was excluded at the start because of its political regime at the time. With the transition to democracy, Spain began to forge a closer and standard relationship with Europe, which culminated with its entry into the EEC in 1986. Spain had previously requested membership in 1962 and had concluded a Preferential Trade Agreement with the Common Market in 1970, which helped it to integrate more with Europe.

With the Spanish government’s request to the Council of Ministers of the European Communities on 26 July 1977, the process was formally initiated and this culminated with Spain’s entry into the EEC.

One of the priorities of Adolfo Suárez’s government was Spain’s relations with Europe: he opened a decisive and direct dialogue which led to the start, on 5 February 1979, of the accession negotiations. The governments of Leopoldo Calvo-Sotelo and Felipe González led the negotiations, with broad parliamentary support. The entry of a large economy such as Spain, which still had a relatively different degree of development compared with the rest of Europe, raised mutual adaptation issues which were resolved after seven years of negotiations and which led to the establishment of transitional deadlines for Spain’s full accession to the Community’s agricultural and fisheries policies and issues such as customs, monopolies and services, with the aim of softening the impact of the EEC entry on Spain’s economic structure.

Finally, on 12 June 1985, Spain signed, together with Portugal, the Treaty of Accession to the European Communities. This historical document was signed in the Hall of Columns at the Royal Palace of Madrid by the Spanish premier (Felipe González), the Minister of Foreign Affairs (Fernando Morán), the Secretary of State for Relations with the European Communities (Manuel Marín) and the permanent representative ambassador to the European Communities (Gabriel Ferrán), and was later unanimously ratified by the Spanish Lower House of Parliament.

\(^1\) 1951, European Coal and Steel Community (ECSC); 1957, European Economic Community (EEC) and European Atomic Energy Community (EAEC).
More than 25 years have passed since Spain signed the Treaty of Accession to the European Communities. These years have been one of the most important periods in our recent history. Spain has not only consolidated a political system, but it has developed a social and economic structure based on modernisation, growth and cohesion as a result of its membership to the European project, which has bolstered the country, making it one of the world’s most developed economies.

The European Union was generous with Spain and its society. This economic and social development was made possible partly due to the European integration process itself, which has been fully consolidated. A number of data provide a clear picture of what EU membership has meant for Spain during this long common period.

In economic terms, Spain has received a net value of 0.8% of its GDP per year since 1987 from the EU funds; in 1986, income per capita was barely 68% of the EEC average; Spain has since grown one percentage point every year, so that it is now closer to the EU average (90.4% in 20112). The EU funds have generated around 300,000 annual

Felipe González, Spain’s third constitutional president of the Government, signs the EEC Accession Treaty, in the presence of HM The King.

2 EU-15 convergence data.
jobs in Spain well into the 21st century. A total of 83.5% of foreign investment in Spain comes from the European Union; 63% of exports go to the EU, which receives 50% of Spanish imports (according to the customs department data for 2012).

We must also highlight specific data from the infrastructure sector: four out of every ten
kilometres of the main roads in Spain have been funded by EU funds. Moreover, the expansion of the Madrid and Barcelona airports, the underground network in Seville, the City of Arts in Valencia and the expansion of the Las Palmas port are some of the large projects that have been carried out as a result of the funds from the European Investment Bank (EIB).

From a social and cultural standpoint, the EU social funds have reached millions of people. Young people enjoy the educational programmes such as Leonardo and Erasmus, which celebrated its 25th anniversary in 2012, benefiting nearly 300,000 students to date. In healthcare, Spaniards travelling to other EU countries now have the European Health Insurance Card, which ensures medical and surgical treatment if necessary. From a cultural standpoint, the European Commission has helped to fund numerous projects such as the restoration of the Courtyard of the Lions at the Alhambra Palace in Granada, the Guadalupe Monastery and the renovation of the Liceo Theatre in Barcelona after the 1994 fire.

All these data are examples of how much Europe has helped Spain. Nevertheless, Spain has also contributed to Europe. During these 25 years, Spain has become one of the most active members when outlining new initiatives for the EU. The main European Union initiatives in which Spain has been the leading player and provided special activities are as follows:

• Implementation and consolidation of the idea of “A citizens’ Europe” and its development with specific measures (the concept of “European citizenship” or the European passport, among others) through wide-scale initiatives and civic engagement such as the Let’s Talk About Europe programme.

• Fostering of a “social Europe”, in parallel with the idea of an “economic and monetary Europe”: defending and applying the European Union’s economic and social cohesion and creating quality jobs that are sustainable over time as the driver for such cohesion.

• Focus on the development of a common European policy for justice and interior affairs, particularly in the fight against organised international crime, drug trafficking and terrorism, with the ultimate objective of consolidating Europe as an area of freedom, security and justice.

• Process to develop and institutionalise the relations between the European Union and Latin America, the prime example of which are the summits of the EU, Latin America and Caribbean (EU-LAC) held in Rio de Janeiro in 1999, Madrid in May 2002, Guadalajara (Mexico) in May 2004, Vienna in May 2006, Lima in May
In the latter summit, the negotiations with Mercosur were re-established after a six-year suspension and the EU-Central America Association Agreement was reached.

In December 2011, the Community of Latin American and Caribbean States (CELAC) was created to represent these countries in their relations with the European Union and, in January 2013, the first CELAC-EU summit was held in Santiago (Chile).

- Political stability in the Mediterranean basin: reinforcing the cooperation links with the Mediterranean countries of northern Africa; actively mediating in the Middle East peace process; and holding the Euro-Mediterranean Conference in 1995, which led to the Barcelona Process. In 2008, the headquarters of the Secretariat of the Union for the Mediterranean (UFM) was established in Barcelona with the aim of strengthening the EU’s commercial, cultural and educational ties with the countries on the southern shores of the Mediterranean.

Since its accession in 1986, Spain has presided the European Union four times:

- Second semester of 1995. The European
Council of Madrid held in December named the future European currency: “euro”. The Euro-Mediterranean cooperation process, called the Barcelona Process, was launched. The New Transatlantic Agenda was launched in December 1995.

- First semester of 2002. The euro began circulation in the countries of the Economic and Monetary Union.

- First semester of 2010. Spain presided the EU for the fourth time, this time 27 countries made up the world’s largest integrated area. Moreover, for the first time, Spain formed part, together with Belgium and Hungary, of a team of three presidencies: the so-called “Trio Presidency”.

**SPAIN’S FOURTH PRESIDENCY OF THE EUROPEAN UNION**

In the first semester of 2010, Spain inaugurated the new “Trio Presidency” model in which three consecutive presidencies, in this case Spain, Belgium and Hungary, agree on objectives for an 18-month period.

During the Spanish presidency of the EU, the following achievements were made:

- Approval of a new EU growth and job creation strategy for the next decade: *Europe 2020*.

- Agreements to regulate the financial markets, increase the transparency of financial institutions, establish European supervision of the national budgets, approve a rate or tax for the financial institutions and protect the euro area against speculation by creating a European Financial Stabilisation Mechanism that can mobilise up to 750,000 million euros to help countries with extraordinary difficulties.

- Fight against gender violence on the European agenda, by approving the creation of a European Observatory on Gender Violence and fostering the European Protection Order for victims.

- Fostering of the *European Citizens’ Initiative* which, since 1 April 2012, has enabled millions of citizens of at least nine member countries to request the EU to propose a regulation on an issue in which it has powers.

- Approval of the Transplant Directive, which has exported the “Spanish model” to the rest of the EU.

- Green light for the cross-border healthcare directive, which provides greater guarantees for patients.

- The Open Skies Agreement between the European Union and the United States, which will improve air traffic between the two areas and reduce flight costs.
• Adoption of the *Stockholm Programme Action Plan*, signature of the Toledo Declaration in the fight against international terrorism, and approval of the SWIFT Agreement, which enables the transfer of European citizens’ bank data to the US within the framework of the fight against terrorism.

• Holding of the first summit with an Arab country, i.e. Morocco, where major agreements were reached to consolidate the Advanced Status.

• Relaunching of the relations with Latin America. In the European Union-Latin America-Caribbean summit, the Multi-Party Agreement with Colombia and Peru and the EU-Central America Association Agreement were reached and the negotiations with Mercosur were relaunched after a six-year suspension.

• Holding of the 18th European Union and Association of South East Asian Nations (EU-ASEAN) Foreign Ministers’ Meeting, under the “Partners in regional integration” slogan, which coincided with the commemoration of the 30th anniversary of the signature of the cooperation agreement between the former Economic Community and ASEAN. The 2010-2011 plan for the EU-ASEAN’s priority activities was agreed and the drafting of the *EU-ASEAN 2013-2017 Action Plan* was approved at the 19th Ministerial Meeting in 2012.

• Initiation of the negotiation process with Iceland and adoption of significant steps for Serbia’s future EU membership.

• Implementation of new mechanisms and new institutional figures established in the Treaty of Lisbon, including the European External Action Service, created on 1 December 2010.

### CURRENT CHALLENGES

In line with the times, the economic agenda has gained importance and, as the economic and financial crisis has worsened, a number of weaknesses in the design and functioning of the Economic and Monetary Union have been revealed which the EU must face; this has become an unprecedented challenge in the European integration process.

Spain’s foreign policy has focused on overcoming the economic and financial crisis, demanding EU institutions and member states to face these challenges together, with:

- The responsibility of prioritising and committing to a fiscal consolidation within the framework of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, in favour of a structural reform process at a Europe-wide and national level as the *sine qua non* condition for paving the way for sustainable growth and job creation in the EU.
- Solidarity of EU institutions and member states in view of financial or economic situations that escape the individual control of the member states.

The priority for “responsibility” and “solidarity” in the EU has manifested itself in each of the negotiations aimed at specifying the measures and mechanisms used for defining the two priority objectives that will enable the EU to overcome the crisis:

The future of the Economic and Monetary Union. Spain’s foreign policy fosters the adoption of measures to help increase the economic and budgetary discipline. It advocates and defends fast and ambitious actions for the content and calendar of the proposals regarding the creation of a real
Economic and Monetary Union:

- An integrated financial framework: by implementing the single banking supervisory mechanism, which will help advance towards the Banking Union.
- An integrated budgetary framework: by implementing legislative instruments for coordinating the national budgets, which will help advance towards the mutualisation of sovereign risk.
- An integrated economic policy framework: by introducing measures that provide greater coordination, a more rigorous application of the economic policy and a more in-depth convergence of the member states’ economies.
- Economic governance and democratic legitimacy: with greater involvement from the European Parliament and the national parliaments in all the major economic policy reforms envisaged so that they can be discussed beforehand and accountability and democratic legitimacy can be guaranteed.

**Structural reforms.** Spain’s foreign policy maintains the commitment to structural reforms in line with the 2020 Europe Strategy and the Stability and Growth Pact of June 2012, which will help to relaunch economic growth, investment and employment based on a more competitive EU.

Spain prioritises the reform of the financial sector, an improvement in its competitiveness and the modernisation of the Public Administrations, where the main factors are as follows:

- A reduction in regulatory burdens, especially for SMEs and micro-companies.
- Investments in growth by increasing the contribution of the European Investment Bank (EIB) and its lending capacity, especially for SMEs.
- The fight against fraud and tax evasion. The “European semester”, the need to decisively apply the specific recommendations for each country and the set up for the forthcoming European semester.
- Use of the cohesion policy as an instrument for investment, growth and job creation throughout the EU.
- Fostering of jobs and labour mobility in the European Union.
- Connecting Europe: an initiative for investments in connections and transport.

Within this framework, Spain’s foreign policy works on defining and fostering the proposals within the EU aimed at restoring confidence in the economy and creating the right conditions for growth and employment.
SPANISH AND LATIN AMERICA

Latin America is an essential component for Spain's identity. As a result of the historical relations and a present shared with the region’s people and countries, Latin America is always present in Spain’s foreign policy.

Our relationship with Latin American countries is unique in terms of wealth and variety and is fostered by the governments and companies in practically all the areas. Latin Americans form the largest foreign community in Spain. Spain is the world's second largest investor in Latin America, contributing to the development of the region's business culture, which has now started to internationalise.

The Ibero-American Conference of Nations was the political embodiment of this community. It was created in 1991 on the initiative of Mexico and Spain and gathers all the Spanish- and Portuguese-speaking countries of the Americas and Europe. The final declaration of its first summit (held in Guadalajara, Mexico, in 1991) confirmed the political recognition of the existence of a community within the common Ibero-American area, which has become more consolidated and its content has grown as the years pass. Annual summits and other different types of events have enabled the Ibero-American peoples to advance in political, economic, social and cultural cooperation.

Moreover, in 2012 Spain became the first European country to obtain an observer status in the Pacific Alliance formed by Chile, Peru, Colombia and Mexico.

The Spanish government gives Latin America a key role in its foreign policy agenda and combines reinforced political dialogue and support to policies aimed at meeting the needs and aspirations of the Latin American people with defending Spain's interests. Spain has a frank and cordial relationship with all the Latin American countries and a fluent permanent direct dialogue with its Heads of Government.

Based on this, Spain also plans to adapt its relations with Latin America to the region's new reality. The changes in Latin America in the last two decades have added new factors that have a positive influence on Spain’s relations with the region, fostering new phases in such relations.

The region is now characterised by political stability and widespread democratic values. Moreover, it is currently in an expansion and growth period, making it one of the drivers for the global economic recovery. The region’s presence in the global economic relations has acquired a special value in view of the potential and opportunities provided by the use of the Spanish language and culture.
THE 22nd IBERO-AMERICAN SUMMIT (CADIZ, 16 AND 17 NOVEMBER 2012)

In this context of changes and dynamism, Spain held the 22nd Ibero-American Summit of Heads of State and Government in Cadiz on 16 and 17 November 2012, under the theme of “Renewed relations on the bicentenary of the Spanish Constitution of 1812”.

The Ibero-American Summit coincided with the bicentenary of the 1812 Cadiz Constitution, colloquially known as “La Pepa”, in which the Ibero-Americans of both sides of the Atlantic participated. The principles and values of the 1812 Constitution which impacted the independence processes of the modern Latin American nations are still current today and inspire the works of the Ibero-American community.

The Summit focused mainly on the international economic crisis and the Latin American response, centred especially on the policies for economic growth, SME incentives, poverty reduction, equal opportunities and job creation. Apart from this main focus, the Summit also discussed the infrastructure development for transport, telecommunications, energy and water; institutional strengthening; education and culture; and, as a crosswise factor, social cohesion and job creation.

The main initiatives adopted in Cadiz were the Ibero-American Charter for Transparency, the Charter for SME Internationalisation, and the creation of an Ibero-American Arbitration Centre.

Moreover, the Heads of State and Government...
commissioned the former Chilean president, Ricardo Lagos, the outgoing Mexican minister, Patricia Espinosa, and the Ibero-American Secretary General, Enrique Iglesias, to draft a study on how to renew the summits. The task was commissioned because they are convinced that the changes in the Ibero-American reality and the lessons learnt in the 22 editions can help to redefine the role of the summits by improving and being able to take more advantage of them. The study’s proposals will be analysed at the Summit on 18 and 19 October 2013 in Panama.

On the other hand, Cadiz once again showed the importance of summits for political dialogue. Although regional integration initiatives have multiplied in Latin America, the Ibero-American Summit continues to be the privileged political arrangement space and the only forum in which the Latin American leaders are all together and practically alone, together with Spain and Portugal, something which does not happen in the OAS (Organization of American States), UNASUR (Union of South American Nations) or CELAC (Community of Latin American and Caribbean States).

Therefore, the Ibero-American Summit in Cadiz was a turning point in which the objective was to establish new foundations for the relations with the Latin American countries, in line with the current changes; update and modernise the summit system; and provide the conference process a more practical approach, at the service of the citizens and with specific results. The Ibero-American space is now based on initiatives that have material content, close defined ties and real social and economic impact.

NEW OPPORTUNITIES

At present, Spain is one of the largest investors in Latin America, with a significant presence in key social development and modernisation sectors such as banking, energy, communications, infrastructure
construction and management, tourism and public services. Latin America’s current investment appeal came firstly from the boost given by Spain, an example of the trust characterising the relations which has transferred new business models to the region, providing a positive impact with the appearance of Latin American multinationals (multilatinas).

On the other hand, Spanish language culture has taken shape in a rich variety of forms on both sides of the Atlantic, which has not only evidenced the rich heritage of the native and ancestral cultures but has also reached high quality levels in all its contemporary manifestations (literature, music, painting, ideas and sports), thus occupying a prestigious place in the world today.

In the 21st century, Latin America has a different reality: it now plays a leading role in global development, it is financially successful and it will face new changes. With the same spirit of sincere friendship and solidarity with which the country significantly contributed to restoring the democratic regimes and the pacification processes in Latin America, Spain wants to collaborate with the region in order to deal with the new challenges (sustainable development, lack of safety, and the new ways of fighting drug trafficking) and provide its experience in consolidating the policies based on the rule of law and the fight against poverty.

To enable the Spanish government’s cooperation and solidarity to achieve such goals, it is necessary not only to reinforce dialogue and foster cooperation to contribute to the institutional consolidation of the Ibero-American nations, but to support effective economic reform processes that stimulate growth and act as a catalyst for redistributing wealth and attaining equity. Spain has defended and will defend at the international fora the adoption of policies and initiatives that respond to the legitimate Latin American aspirations both in terms of access of their products to the international markets as well as coverage of their financial needs.

Spain’s development cooperation policy is one of its fundamental foreign policy instruments for Latin America. In line with the central theme of the Cadiz Summit, the aim is to “renew” its cooperation with the region. The idea is to adapt cooperation to the new and successful reality, since a large number of countries which received economic and technical resources have reached development levels that will soon turn them into donors instead of recipients and for which Spain and its government will provide new instruments focused on the knowledge economy, technological transfer and collaboration between excellence research centres. The Spanish government maintains its cooperation in the fight against poverty in the Latin American countries that need this, with the intention of fostering, together with the Ibero-American members willing to do this, new programmes and projects, which are increasingly using the triangular cooperation
One of the priorities of Spain’s foreign policy is to foster stability and prosperity in the Maghreb region because of its geographical proximity, the historical ties and the amount of human, economic and cultural exchanges with it. Since early 2011, the region has witnessed a number of transformations which, because of the deep discontent of its population about its social and economic conditions, have demanded greater political opening-up. Spain fully supports these transition processes towards multi-party and participative political systems which guarantee the respect for and protection of human rights.

From an economic standpoint, the country maintains intense relations with the Maghreb: Spain has a deficit mechanisms, taking into account the growing weighting of the South-South cooperation and trying to improve coordination and association with other donors.

The Spanish investors who went to Latin America betting on its future also maintain their social responsibility initiatives, convinced that the stability and prosperity of their investments go hand in hand with the improvement in development levels of the countries where they are present, and expecting that region’s commitment to the highest standards of legal certainty will be the fundamental factor for economic development and maintaining production investment.

The Spanish government fosters integration and multilateralism as the best way to respond to the new international reality. That is why it supports the various economic, political and trade integration processes such as the Union of South American Nations (UNASUR), the Central American Integration System (SICA) and MERCOSUR and observes with interest the new integrating systems being developed in the region such as the Community of Latin American and Caribbean States (CELAC). Therefore, while it shows its interest in actively participating in the consolidation of such processes, Spain continues to defend a preferential dialogue with the European Union that fosters an enriching bi-regional relationship mechanism that is mutually beneficial. In 2010, Madrid hosted the 6th European Union-Latin America and Caribbean Summit, where innovation and technology for sustainable development and inclusion were the main theme. The ambitious action plan that was approved and now being executed must help to consolidate, at the EU-CELAC meeting in Santiago (Chile) in January 2013, the high level of relations between the two blocs.
trade balance due mainly to its energy dependence since 14% of oil imports and 33% of natural gas imports come from this region. Spanish investments in the Maghreb are also of particular importance, especially in Morocco, where Spain was the third-largest investor in 2011, with a broad presence in the industrial, property, tourist and banking sectors, and Algeria.

Security in the Maghreb region is a constant worry for Spanish authorities. Organised crime, illegal trafficking and terrorist activities are a direct threat to the countries themselves and to Spanish interests. That is why this is an important factor in our bilateral relations. The Spanish authorities work with their Maghreb counterparts to identify and prevent risks and cooperate in the legal area to stop impunity.

Spain also maintains close cooperation with the Maghreb countries in illegal immigration. Because of its geographical situation, Spain is one of the gateways for Europe. From this perspective, the need to manage these migration flows has led to the signing of agreements with the Maghreb countries, where many immigrants come from and through which they pass in their desire to reach Europe.

The wish to bring Spain and the Maghreb closer together must also include the cultural side. The greater the mutual knowledge, the more effective the relations in any area. In this respect, the existence of nine Cervantes Institutes in the region and the activities organised by the Arab House in Madrid and the Mediterranean House in Alicante facilitate mutual understanding and trust.

Spain has signed Treaties of Friendship, Good Neighbour and Cooperation with Algeria, Morocco, Tunisia and Mauritania, and has an intense contact agenda with these four countries. Some of these treaties envisage holding high-level meetings to accompany the bilateral relations. On the other hand, the ministers and senior administration positions frequently carry out trips to examine and arrange a variety of issues.

Since its entry into the EU, Spain has helped to include the Maghreb issues on the Community agenda. In
Spain continues to play a very relevant role in the Euro-Mediterranean cooperation. After being one of the countries fostering the Barcelona Process, Spain obtained, after the Marseilles Conference, that the headquarters for the Secretary General of its successor, the Union for the Mediterranean, would sit in Barcelona. Since then, Spain has played a major role in setting up the organisation, whose work has, nevertheless, been conditioned by the lack of advance in the Peace Process between the Palestinians and Israelis.

The process of political changes among the partners in the south, the arrival of Fatalah Sijilmassi as the Secretary General in February 2012, and the assumption of the Northern co-presidency of the European External Action Service in June 2012 have provided new stimulus to the organisation. The functioning of the General Secretariat has improved, very important projects have been approved, such as the construction of a desalination plant in Gaza and a section of the Trans-Maghreb motorway, and specific financing strategies have been drafted for the approved projects. On the other hand, greater involvement of the European institutions will help organise several ministerial meetings in 2013 in major sectors such as transport and energy. Therefore, the Union for the Mediterranean is becoming one of the main focuses of the Euro-Mediterranean regional cooperation in sector-specific areas.

The consolidation of the Union for the Mediterranean has not prevented the development of the EU’s relations with this region have been bolstered with the signing of the European Union Association Agreements with Tunisia (1995), Morocco (1996) and Algeria (2002). Spain proposed the concept of Advanced Status for Morocco in 2006, which has since been assumed by the European Union. Likewise, during the Spanish presidency of the European Union Council in the first semester of 2010, the first EU-Morocco Summit took place, the first EU meeting with a country on the southern shores of the Mediterranean. The Maghreb was a priority area for Spain within the multilateral framework of the Barcelona Process and this continues to be the case within the framework of the Union for the Mediterranean. Just after taking up the post, the new Spanish president of the Government travelled to Rabat, making this his first official foreign visit; soon after, the Moroccan minister for foreign affairs and cooperation visited Madrid. Likewise, the Spanish minister for foreign affairs and cooperation travelled to Algeria and Tunisia in his first months of office.

**SPAIN AND THE MEDITERRANEAN**

Spain continues to play a very relevant role in the Euro-Mediterranean cooperation. After being one of the countries fostering the Barcelona Process, Spain obtained, after the Marseilles Conference, that the headquarters for the Secretary General of its successor, the Union for the Mediterranean, would sit in Barcelona. Since then, Spain has played a major role in setting up the organisation, whose work has, nevertheless, been conditioned by the lack of advance in the Peace Process between the Palestinians and Israelis.

The process of political changes among the partners in the south, the arrival of Fatalah Sijilmassi as the Secretary General in February 2012, and the assumption of the Northern co-presidency of the European External Action
of other regional cooperation processes, such as the Western Mediterranean Forum, better known as the 5+5 Dialogue. In recent years, this has become a forum for political arrangements and sub-regional cooperation among the Western Mediterranean countries (Portugal, Spain, France, Malta, Italy, Mauritania, Morocco, Algeria, Tunisia and Libya) and it has created an intra-regional connection network with major results in defence, migration, transport and the environment. The new governments on the southern shores of the Mediterranean have opened up a new outlook. The summit held in October 2012, in which the Spanish premier, Mariano Rajoy, participated, has provided new stimulus to the Euro-Maghreb relations and laid the foundations for expanding cooperation to other areas such as healthcare and agriculture. The 5+5 Dialogue will also play a major role in fostering the necessary process for economic and trade integration of the Maghreb countries.

**SPAIN AND ASIA-PACIFIC**

As a result of Asia’s growing share of the international economic and political scenario in the last decades, it has become the centre of world attention. China and India have become determining global economic players and other countries, like Vietnam, Thailand, Malaysia and Indonesia, are decisively advancing towards greater economic and social development. Singapore is consolidating its position as the region’s financial benchmark. Japan and South Korea, with similar development levels as the European countries and with a large industrial share, will continue to play an essential role in the international economic and security systems to which Spain is committed.

The development experienced in recent years of the most populated Asian countries provides a major challenge for restructuring the global economic, political and financial balance, which has been affecting the day-to-day lives of the citizens of other areas of the world due to the economic globalisation, communications and knowledge.

For just over one decade, Spain has been adapting its strategy and foreign policy to this new global scenario, where Asia now plays the leading role. At present, the government has a three-pronged objective: increase Spain’s presence and visibility in Asia; consolidate the achievements made in recent years to defend and promote Spanish interests; and seek alternative ways to boost the
The economic and trade areas are a major factor in this strategy. Trade relations have intensified in recent years. Many Spanish companies have already established themselves in the region and, within a few years, they have transmitted the image of a technologically advanced and flexible Spanish industry. The sectors in which Spanish companies have especially shown their potential are banking, infrastructure, transport, biotechnology, renewable energy, engineering and defence. However, for the time being, the presence of Spanish trade and investment in Asia has been limited. That is why it
is necessary to update Spain’s economic presence in the continent and bring it into line with that of the other developed countries. To meet this objective, Spain will reinforce its existing diplomatic structure in the priority countries and advance in the territorial diversification of its trade and investment efforts so that this can be extended to other major economies in South-East Asia, such as Indonesia, Malaysia, Vietnam, Thailand and Philippines. Evidence of this boost are the foundations with Japan, China, India and Australia (Spain Council Foundations).

Spain plays a leading role in a growing culture: the Spanish-speaking culture. In Asia, the interest in the Spanish-speaking culture reinforces the economic and trade potential of the language in the Pacific, where it is one of the main languages. In 2009, the King and Queen of Spain inaugurated the Cervantes Institute in Sydney, while the Spanish Prince and Princess opened the one in New Delhi. There are now five Cervantes Institutes in Asia: Manila, New Delhi, Beijing, Sydney and Tokyo; and there are four Cervantes Lecture rooms (Aulas Cervantes): Hanoi, Kuala Lumpur, Seoul and Jakarta. In the Philippines, where Spanish was practically reduced to a token level, the government decided to re-introduce it into its education system, a decision which Spain supported with a specific technical and educational cooperation programme for the country. In a broader sense, with the aim of generating an increasingly more precise and current image in the region’s economic and political decision-making centres, in 2013-2014 the Year of Spain in Japan and of Japan in Spain is taking place, and several important acts will be organised to commemorate the 40th anniversary of diplomatic relations with China.

In Asia, some of the main challenges for international security are being decided at present. In this sense, Spain’s military and security presence in Afghanistan forms part of a broader structure of international cooperation to rebuild the country, increase the civil population’s security and support its political transition.

Spain also focuses on involving civil society in its foreign policy. To bolster its external actions with the region, the Asia House is particularly important since, in just a few years, it has become a worthy instrument for carrying out initiatives that strengthen the Spain-Asia relations from their civil societies. In this context, the Spain-Korea Platform has also been developed. Since its creation, the Asia House has been very active in establishing links between the civil societies in all areas, focusing especially on the cultural and academic sides. Headquartered in Barcelona, the Asia House opened a branch in Madrid in April 2007, which has helped it to consolidate its activities.
SPAIN AND SUB-SAHARAN AFRICA

Africa is one of Spain’s priorities in foreign policy since it has decisively become involved in resolving the continent’s main crises: Somalia, Mali, Sudan and South Sudan, Guinea-Bissau and the Democratic Republic of Congo; as well as fostering peace, stability and development in the continent, especially in West Africa. Spain has developed a common agenda with the sub-region of West Africa which, because of its geographical proximity, has become a preferential partner in the area.

Spain’s policy towards Sub-Saharan Africa is both bilateral and regional. In addition to the close bilateral relations with the region’s countries, Spain has achieved a privileged relationship with the continent’s regional and sub-regional integrating bodies, especially with the African Union (AU) and the Economic Community of West African States (ECOWAS), to guarantee peace, stability and development in the area.

Spain has an overall coherent policy towards Africa that includes the political, economic, social and cultural fields; the aim is that each one reinforces the other and this will lead to mutual trust and interrelations between Spain and the region.

Reinforcing the ties with Sub-Saharan Africa necessarily involves fostering mutual knowledge. This is the main reason for the existence of Africa House, an initiative fostered by the Spanish government together with the regional and local authorities of the Canary Islands. Africa House is a reference centre that helps to improve mutual knowledge and appreciation, as well as cooperation and harmony between the African and European peoples and societies.

In the political arena, we have reached an unprecedented level of trust and dialogue. Proof of this is the major deployment of the Spanish diplomatic and consular presence in Africa as well as sector-specific and liaison offices. Also, the visits from Spanish government representatives to Sub-Saharan Africa and vice versa have invigorated the political relations with the region.

Within Spain’s policy towards Sub-Saharan Africa, Equatorial Guinea occupies a special and significant place because of its historical, cultural and linguistic ties. Moreover, Spain supports Equatorial Guinea to expand the use of Spanish within the African Union.
The Middle East is a priority in Spain’s foreign policy for geographical, historical and emotional reasons. The possibility of sharing Spain’s transitional experience with the Arab countries that have recently started to pave the way for democracy has given the country a historical opportunity to reinforce its long-standing friendship. This is the case of Egypt, where the minister for foreign affairs and cooperation travelled in September 2012 to express Spain’s support to its democratic transition in person. The programme to accompany the democratic governance of the Arab world (Masar programme) is a suitable instrument for channelling Spain’s solidarity with the important changes taking place in Egypt and other countries in the region.

Spain’s friendship with the Gulf monarchies is also long-standing. In May and June 2012, the Spanish secretary of state for foreign affairs toured the area, showing that Spain’s privileged relations with these countries go far beyond economic diplomacy. The sequence of top-level visits both ways during 2012 and some landmark projects such as the Mecca-Medina high-speed railway in Saudi Arabia demonstrate that these countries consider Spain to be a reliable partner in their development plans.

After celebrating the 25th anniversary of diplomatic relations with Israel in 2011, both countries agreed that they needed to reinforce them in all the areas. The ministers for foreign affairs, internal affairs and development held contacts with their Israeli counterparts in 2012 to provide content to this mutual willingness: the announcement in November 2012 that a new procedure would be to speed up the naturalization of Sephardic Jews who wished to be Spanish symbolises the government’s firm desire to honour the historical and cultural ties with the Jewish people and, therefore, with the State of Israel.

In 2012, Spain showed its permanent wish to make the Middle East a stable and prosperous area. The Spanish government has encouraged Israelis and Palestinians to re-start negotiations as the only way for achieving a fair solution based on the co-existence of the two states with peace and security. Spain has also decisively taken part, through the Friends of Syria Group, in the efforts of the international community to bring peace and democracy to this country.

In Lebanon, Spain is also working for peace through its participation in the United Nations Interim Force in Lebanon (UNIFIL) deployed in the area.
SPAIN AND ITS BILATERAL RELATIONS

FRANCE

France is a strategic European partner with which Spain shares political interests and it is the country's main economic partner. There is an intense and productive cooperation in very diverse fields and levels, from industrial cooperation to the fight against terrorism. As a neighbouring country, France is key for Spain's transport and energy interconnections with the rest of the continent. Spain and France have top-level political relations. Both governments maintain frequent contacts at all levels.

The political relations have been institutionalised through annual bilateral summits between the French president and the Spanish president of the Government, accompanied by a variable group of ministers, alternately in each country.

The 22nd French-Spanish Summit was held in Paris on 10 October 2012, where the views about the main items on the European agenda were exchanged. There were also bilateral meetings between the five participating ministries (Ministries of Foreign Affairs and Cooperation, Agriculture, Food and Environment, Internal Affairs, Development, and Industry, Energy and Tourism).

In the Summit's conclusions, France and Spain highlighted the soundness of their bilateral relations and their desire to deepen cooperation, especially in the fight against terrorism. During the Summit, they signed several agreements on infrastructure, energy and the fight against drug trafficking, and they agreed to defend the cohesion and common agriculture (CAP) policies at the European Union.

Spain and France also created a Spanish-French Security and Defence Council, presided by both premiers and with the participation of the ministers of foreign affairs and defence. The Council has five specific work groups.

The Spanish-French Forum should also be mentioned, in which leading civil society figures of both countries participate; this usually takes place in parallel to the summits.

Since Spain's entry into the EU, their economic exchanges have grown at a faster pace than that of each country’s with the rest of the world. France is Spain's largest trading partner: the 2011 data confirm that France is Spain's top client and second-largest supplier. In 2011, France was Spain's twelfth-largest foreign investment destination. In 2010, France was ranked eighth in the world in terms of the value of Spanish foreign investment stock. French investments in Spain have increased considerably, despite the crisis; in 2011, France continued to be the second-largest foreign investor in Spain, behind only the United
Kingdom. In 2010, the value of France’s investment stock in Spain was the third-largest, behind Italy and the United States.

PORTUGAL

The Spanish-Portuguese bilateral relations are also going through an excellent moment. Portugal cooperates as Spain’s strategic partner in diverse areas.

The last three decades have witnessed the full integration of both countries in the European project and an unprecedented intensification of their friendship and cooperation. At present, all the ministerial departments have a productive cooperation with their Portuguese counterparts, providing very intense and extensive bilateral relations. This close relationship is due mainly to the fact that Spain and Portugal share the oldest and one of the longest borders in Europe.

These relations have been institutionalised with annual bilateral summits since 1983. The latest ones in Evora (2005), Braga (2008), Zamora (2009) and Porto (2012) have also established a qualitative leap in the bilateral relations, which have also been enriched with new dialogue and cooperation fora.

The 25th Spanish-Portuguese Summit in Porto on 9 May 2012, which was presided by the Portuguese prime minister, Pedro Passos Coelho, and the Spanish premier, Mariano Rajoy, once again showed the special nature of the relations between the two countries, the convergence of their viewpoints and the advantages of continuous coordination at political and diplomatic level, and helped to establish new cooperation areas and schedules with the aim of resolving issues of mutual interest.

As a result of the summit, Spain and Portugal...

have signed 15 cooperation agreements on jobs, education, fisheries, sports, nature reserves, civil defence and other areas.

The Spanish-Portuguese Defence Council, presided by their Heads of Government and with the participation of their respective foreign and defence ministers, has met three times; the last one on the occasion of the bilateral summit in Porto.

The Spanish-Portuguese Parliamentary Forum, whose second edition took place on 3 and 4 May 2012, made a decisive contribution to the preparation of the Summit, not only because of the new institutional dimension provided to the bilateral relations but also because the two governments took note of the conclusions made by the participants in the forum.

Their bilateral economic relations are very intense. Spain is the largest market for Portugal and the latter is Spain’s third-largest market, with annual trade of nearly 25 billion euros.

The importance of these economic ties means that they play a leading role in the bilateral relations. Several major bilateral projects have been implemented such as the Iberian Electricity Market (MIBEL) and the construction of energy interconnection infrastructure.

In the technological research and development area for the business world, the annual symposium held by the Technological Innovation Foundation (COTEC) and sponsored by the Heads of State of Spain, Italy and Portugal is the leading player. In 2012, its 8th edition was held in Spain. On the other hand, the creation and establishment of the International Iberian Nanotechnology Laboratory in Braga (Portugal), managed by both countries, shows the political willingness to advance together and capitalise on synergies when developing new bilateral cooperation areas.

Likewise, Spain believes that cross-border cooperation with Portugal provides a major opportunity for the economic and social
development on both sides of the border. The meetings held by the Spanish-Portuguese Cross-Border Cooperation Commission, with the participation of the regions bordering Portugal, help to identify new opportunities for cooperation and review the cooperation underway. Its latest meeting was in May 2012.

GERMANY

Spain and Germany have been converging their background policies in the last 30 years as a result of considering each other as reliable partners and with a deep-rooted solidarity in many issues, as was patent after the fall of the Berlin Wall. This solidarity has enabled them to undertake joint initiatives in diverse and numerous issues: their decisive support to the common European project, environmental protection against climate change by fostering renewable energy, fight against terrorism, the European security and defence policy, migration flow management and R&D&I policy reinforcement.

The institutional instrument through which their relations are fostered are the annual bilateral summits. The 23rd Spanish-German Summit was held on 3 February 2011 in Madrid; the next one will be in Berlin in February 2013.

The Spanish-German Entrepreneurial Meeting was held at the Moncloa Palace in Madrid on 6 September 2012, co-organised by the Spanish Ministry of Economy and Competitiveness as well as business organisations of both countries, and attended by around one hundred representatives from the largest German and Spanish companies. The meeting’s purpose was to analyse the context of the Spanish and Germany economies, their strengths, weaknesses and reforms, support the euro as an essential instrument for relations in Europe, foster intra-business dialogue and boost the economic, trade and investment relations between the two countries. As euro area members, they have very close trade and financial relations. Germany is Spain’s second-largest client, after France, and its largest supplier.

On the occasion of that business meeting, the German chancellor, Angela Merkel, made a working visit to Madrid, where she met the Spanish premier, Mariano Rajoy. Both leaders stated that they would do everything that was needed to finally resolve the euro crisis and defend the single currency; they also stated that the flaws in the design of the economic union that had been highlighted by the crisis needed to be overcome.

Spanish investment in Germany has grown considerably in the last decade, with the entry of numerous Spanish companies in that country, although the crisis has substantially reduced the investments in the last two years.

The contacts between both civil societies are
extensive and strong. The Spanish-German Forum gathers members of the civil society of both countries. Its latest edition, the 6th meeting, took place on 7 and 8 April 2011 in Berlin and was opened by the ministers for foreign affairs of both countries. The Forum is sponsored by the Spanish King and German President, who also take part in it.

Around 160,000 Germans live permanently in Spain and around 10 million visit the country every year, making them one of the largest foreign tourist groups.

In cultural terms, Germany is the European country with the largest amount of Cervantes Institutes, with five centres (Munich, Bremen, Hamburg, Frankfurt and Berlin).

ITALY

Italy and Spain have intense historical, cultural and trade ties rooted in the past and the present, which are evident mainly as a result of their general agreement when defending their common interests in the European Union, NATO and multilateral fora. Spain considers that its bilateral relations with Italy are privileged and are especially intense. This special relationship is instrumented institutionally through annual bilateral summits and the bilateral Dialogue Forum.

Spain and Italy share a number of challenges: control of illegal immigration, improvement in competitiveness and productivity, development of relations with the Mediterranean neighbours and the fight against the threat of terrorism, among others.

The 17th Spanish-Italian Summit was held in Madrid on 29 October 2012. The Spanish premier, Mariano Rajoy, and the Italian prime minister, Mario Monti, dealt with bilateral issues in internal affairs, industry, energy, economy, tourism, telecommunications and foreign policy. They also analysed the situation in Mali, Syria and the 5+5 Dialogue Summit. At the end of the summit, both countries defended the implementation of all the instruments available
to the European Union to stimulate economic activity, generate employment and guarantee the right financing for the business structure. At the summit, three sector-specific meetings were held at ministerial level: foreign affairs, internal affairs and industry.

Another essential instrument in the bilateral relations is the Spanish-Italian Dialogue Forum, a top-level meeting point for the civil societies. From its strong academic profile based on analysing the future of some EU policies, the Forum has become an increasingly potential platform for debating essential issues in the bilateral relations, namely in the political and economic areas. The 12th edition of the Forum was held on 29 October 2012 in the America House in Madrid at the end of the Spanish-Italian Summit.

The volume of economic exchanges goes hand in hand with the importance of their political dialogue. Italy is Spain’s fourth-largest client (after France, Germany and Portugal) and its fourth-biggest supplier.

**UNITED KINGDOM**

The growing bilateral interactions between the United Kingdom and Spain occurs not only between their governments and institutions, but also between their civil societies.

In economic terms, Spain and the UK have a very dynamic relationship. The United Kingdom is Spain’s fifth-largest client and fifth-biggest supplier. Moreover, the UK, together with the US, has been the main recipient of Spanish foreign investment in the last decade since many transactions have taken place in sectors such as banking, transport and telecommunications. Both countries also have large companies established in the other country, thus reinforcing the ties between both societies.

Several thousands of British citizens live permanently or seasonally in Spain, which is the top destination for British buyers abroad for holiday, retirement or investment homes. Spain has become the top tourist destination for UK citizens and the country’s largest tourist market (14 million visit Spain every year).
There are also intense bilateral cultural relations, evidenced by the broad spread of English and the English-speaking culture in Spain and the growing interest in Spanish and the Spanish culture in the UK, one of the European countries where Spanish courses have most increased in recent years.

The bilateral political relations are typical of EU and NATO partners and allies, and both countries hold frequent meetings at all levels to consult their positions on issues of common interest. However, the dispute about Gibraltar continues in its various dimensions; this is Spain's only dispute in its foreign affairs.

**POLAND**

The only former Eastern Bloc country with which Spain holds annual bilateral summits is Poland. The latest one was held on 12 April 2012 in Warsaw, after the one in Madrid in 2011, just before the Polish presidency of the EU in the second semester of 2011. The Warsaw Summit in 2012 dealt with issues to foster political dialogue and investments in the economic area.

Poland is Spain's largest trade partner in Eastern Europe. Spain has considerable investments in Poland although, in the last three years, there has been a sizeable reduction in direct investment, especially in the property sector.

**ANDORRA**

Spain's relations with Andorra are influenced by their long-standing friendship, the presence of a large Spanish community in the Principality and intense bilateral tourist and trade flows.

There is intensive cooperation between Spain and Andorra. In the political arena, there is a sound bilateral dialogue which have been reinforced in recent years and is evidenced at all levels.

In February 2007, the Spanish minister for foreign affairs and cooperation made an official visit to
Andorra, thus stimulating the bilateral relations, which have been maintained since then, with many contacts between the Spanish premier and the head of the Andorran government as well as between the ministers of both countries.

Spain wants Andorra to have greater relations with the EU, which is currently being reconsidered, and has helped Andorra to be included in the European cross-border cooperation structures. Spain also supported Andorra’s entry into the Ibero-American Community of Nations, which took place in 2004.

Spain has also said yes to Andorra’s request for technical assistance to design a new framework for relations with the EU and decisively supports the concept of a “European neighbourhood” that would help to create a general legal framework for relations between the EU and Andorra, Monaco and San Marino while maintaining each country’s specific features.

At present, Spain is Andorra’s largest trading partner and helped it to exit the list of dark grey countries of the Organization for Security and Co-operation in Europe (OSCE), with the signature of a Tax Information Exchange Agreement on 14 January 2010, so it has ceased to be considered a tax haven.

Another recent agreement has been the Waste Transfer Agreement between Spain and Andorra signed on 29 November 2011.

On 12 September 2012, the Spanish president of the Government welcomed the head of the Andorran government, Antoni Martí Petit, at the Moncloa Palace, and they analysed the bilateral relations and dealt with other issues, including Andorra’s economic opening to the world context.

**BRAZIL**

Spain has relaunched the top-level bilateral political dialogue with Brazil, which was reinforced after the Brazilian president, Dilma Rousseff, made a working visit to Spain on 19 November 2012 (immediately after her participation in the 22nd Ibero-American Summit in Cadiz), accompanied by a large delegation, including several ministers.

This dialogue was relaunched at the start of 2012, a year in which numerous Spanish authorities visited Brazil, the main ones being that of HM The King and the Spanish president of the Government in June. Brazil also participated in many sector-specific meetings to prepare the 22nd Ibero-American Summit, with the attendance of several ministers and the president of the Upper House of Parliament.

This reactivation has fostered the bilateral relations which Spain believes are strategic and which, in the political arena, had lost ground with respect to Brazil’s current growth as a regional and global power. The signature of the Spain-Brazil
Declaration on 19 November 2012, as a result of the Brazilian president’s visit to Spain, has established an instrumental framework for their relations in the coming years, updated and identified the priority collaboration areas, and laid the foundations for the future mechanisms for institutionalising the political relations. In this respect, a Ministerial Commission for Spanish-Brazilian Political Dialogue was created and will be presided by both foreign ministers and held every two years.

This is even more important since Spain is the second-largest investor in Brazil, the top investment destination among Spanish investors in Latin America and the second-biggest trading partner in the region, behind Mexico. Spanish companies have established themselves in numerous sectors such as financial services, telecommunications, industry, transport and energy infrastructure, and hospitality. Spain is also very interested in Brazil’s economic development and the investment projects launched by its government since this can be an opportunity for key Spanish companies in sectors required by Brazil.

Spain’s large economic presence in Brazil and Latin America required the appropriate political relations but it also needed to identify the areas, not only the economic ones, in which Spain and Brazil shared common interests and which would provide a productive cooperation: science, technology, innovation, culture, energy, agriculture, environment, tourism, defence and public safety.

Examples of the cooperation in other fields are the Science Without Borders Programme for technical studies for Brazilian scholarship students within the framework of the agreement signed in February 2012. The programme was applied for the first time this year, with the participation of 1,487 Brazilian students and 42 Spanish universities, and it is having excellent results. In addition to this, an agreement between cultural centres will enter into force and two memorandums of understanding were recently signed on nanotechnology and cooperation in transport, logistics and infrastructure.
MEXICO

One of the characteristics of the Spain-Mexico relations is that they are excellent and ongoing. Both countries are privileged partners that have developed and fostered an extraordinary multidimensional relationship subject to the Declaration to Forge the Strategic Association between the United Mexican States and the Kingdom of Spain of 16 July 2007. The close governmental relations also go hand in hand with an intensive exchange between both societies in all the fields: cultural, business, social and human.

Mexico has always shown that it is a friendly and caring country towards Spain, with which it mainly coincides; it has unconditionally supported the country when required and has always been willing to reinforce this friendship, with a view to the future which still has large potential for development. Spain has always been close to Mexico, as evidenced by the top-level visits to the country; the latest was the Spanish Prince’s visit in December 2012 as a result of Enrique Peña Nieto taking office.

In March and May 2012, coinciding with the 35th anniversary of the re-establishment of diplomatic relations between Spain and Mexico, the 10th Bi-National Commission was held in Spain, demonstrating the extraordinary moment of their bilateral relations. The result was that the final minutes of the Commission were signed, as well as two agreements: one between the Cervantes Institute and the Mexican Secretariat of Foreign Relations to cooperate in the dissemination of the Spanish-speaking culture around the world, among others; and the second one with the Spanish Agency for International Development Cooperation (AECID) to carry out joint triangular cooperation actions.

Spain is Mexico’s largest European market and Mexico is by far the biggest Latin American investor in Spain. The value of Mexico’s investment stock in Spain is ranked sixth worldwide. Mexico was the largest Spanish export destination in Latin America in 2012, and the fourth-biggest recipient of Spanish investments around the world, in terms of investment stock in 2010.

TURKEY

The relations between Spain and Turkey can also be considered to be excellent. Their political relations were structured in the Joint Action Plan for Developing the Relations between Spain and Turkey signed on 22 July 1998. On the occasion of the Spanish premier’s visit to Turkey in November 2006, the action plan was reinforced with the signing of the Strategy to Reinforce the Bilateral Relations between Spain and Turkey, which establishes new cooperation areas. Spain and Turkey have a close relationship, which led to the establishment of annual
top-level meetings between the two countries. So far, four have been held: the first one in Istanbul (April 2009), the second in Madrid (February 2010), the third in Ankara (October 2011) and the fourth in Madrid (27 November 2012). In the latter meeting, the Spanish president of the Government reiterated the country’s support to Turkey’s EU entry. He also stated that Spain and Turkey were partners and friends united by all types of ties, as well as friendly and fluid political relations and increasingly dynamic trade relations. The meeting also highlighted the productive collaboration between the two countries in the international bodies of which they form part and their close collaboration in the fight against crime. The Spanish ministers of Foreign Affairs and Cooperation, Defence, Industry, Energy and Tourism, Development, and Education, Culture and Sports and their Turkish counterparts participated in the latest meeting.

Their consensus and harmony in the different issues on the international agenda are intense. In this area, the Spanish-Turkish sponsorship of the Alliance of Civilizations initiative stands out, which has now become part of the Secretariat General of the United Nations.

Turkey is Spain’s third-largest non-EU trade partner, behind the US and Mexico. Spain has considerable investments in Turkey, where Spanish assets (which used to be minimal) have grown exponentially in recent years. At present, 74 Spanish companies have established themselves in Turkey and participate in several projects, such as the Ankara-Istanbul high-speed railway.

UNITED STATES
As a result of the United States’ global presence and its central economic role, the transatlantic relationship for both Spain and the EU is one of the most important since, as an ally and friend, the countries share the same values, principles,
interests and responsibilities. Proof of these bilateral relations is the intense calendar of trips, visits and meetings which help to review and maintain the relations. In the last few months, the Spanish Prince and Princess travelled to Boston, New York and New Jersey in June 2012, and the Spanish president of the Government met president Obama in Seoul in February. Spain is also an increasingly important economic partner for the US since exports have soared and it has become one of the largest investors in the country. Spain is also a cultural reference for a large part of North American society, especially the Hispanic community.

In the European Union, Spain has always firmly defended the central nature of the Atlantic corridor since its presidency of the EU in 1995, when the Transatlantic Agenda was adopted.

The bilateral agenda has clearly been strengthened in recent times, in line with the announcement made by the Spanish government, which has identified the transatlantic corridor as the second master area of Spain’s foreign policy. The best example of this renewed link is in the security and defence areas. In October 2001, the Spanish Cabinet authorised the stationing of four US Navy AEGIS equipped destroyers to participate in NATO’s European ballistic missile defence system. The development of this missile defence will contribute greatly to the security of Spain and Europe and their population, and clearly shows Spain’s firm commitment to NATO and to reinforcing its defensive capacity through its privileged defence relationship with the United States. This authorisation is made through the Amendment Protocol which modifies the Bilateral Agreement on Defence Cooperation between the Unites States of America and the Kingdom of Spain of 1 December 1988.

In homeland affairs, cooperation is also excellent since Spain and the US are especially sensitive towards the problem of terrorism as they both suffered major terrorist attacks.

Nevertheless, the major transformation has been in the economic area in recent years. The bilateral economic relations with the US have increased substantially in the last decade, peaking in 2007 and 2008, with a slight decline in 2009 and a rebounding since then. The bilateral trade balance has always been loss-making for Spain, but the increased trend of Spanish exports has provided a positive change. In 2012, Spanish exports to the US amounted to 8.286 trillion euros, while imports totalled 8.957 trillion euros. Therefore, the coverage ratio was 92.51%, i.e. an improvement of nearly 18 points on the 2011 data (74.6%).

Nevertheless, the main feature of this renewed

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3 Source: National Statistical Institute (Spanish INE) and the Bank of Spain’s Monthly Statistical Bulletin. Data: between January and November 2012
bilateral economic relations was the enormous growth of Spanish investments in the US. In 2004, 2% of Spanish foreign investment was made in the United States, which increased to over 10% by 2007, when Spain was the fourth-largest investor in the US, behind only Canada, the UK and Netherlands. In 2011, the Spanish gross direct investment amounted to 1.889 billion euros and accounted for 7.5% of the total abroad; the US was ranked fifth among recipients of Spanish investments. In 2010, the United States was the third-largest destination of Spanish investments in terms of stock, and it was the second-biggest investor in Spain. This strong and growing presence is focused mainly on the energy (especially renewables), banking, transport concession, food, and iron and steel industries. Spain is very interested in participating in the large investments that the US Administration is planning to carry out in infrastructure, since Spanish companies stand out at a worldwide level. In particular, Spain’s high-speed railway system has become a worldwide benchmark and its
engineering companies stand out because of their excellence and competitiveness.

The renewed economic and commercial relations have been accompanied by an extraordinary revitalisation of their cultural relations, based on the boom of Spanish and the Spanish-speaking culture. At present, around 60% of university students studying a foreign language in the US choose Spanish. Spain has also become one of the top three destinations for US students who wish to study abroad. These data reflect the US’s growing interest in Spanish and the Spanish-speaking culture. For many years, the Spanish government has fostered this trend through the important work carried out by the Cervantes Institutes in the country (Albuquerque, Chicago and New York, plus two virtual classrooms in Boston and Seattle) as well as the Spanish Cultural Centre of Ibero-American Cooperation in Miami. There is also a broad teaching programme, in which Spanish teachers teach several subjects at middle schools throughout the US.

Spain also has the opportunity to strengthen its ties with the US by developing relations with the Hispanic communities in the country. These communities, which account for more than 51 million people, are currently the largest minority group in the US, evidencing their strong economic, social and political dynamism. The 500th anniversary of the discovery of Florida in 2013 and the 450th anniversary of the founding of St. Augustine in 2015 are an opportunity to vindicate the Spanish legacy and Spain’s image in the US, linking their shared cultural history that unites all Latin America and the US Hispanics.

The dialogue with the United States is not only limited to the bilateral agenda, it also includes sharing points of view and coordinating numerous international issues and regions where the countries have the same interests. In Latin America, the dialogue is very close and, in recent months, this has been reinforced in other regions such as the Middle East, Mediterranean and Sahel. Recent critical situations, such as the start of the withdrawal from Afghanistan, the crisis in Syria and the sanctions to Iran, have shown the degree of cooperation between the two countries, where the US is convinced that Spain is a reliable international partner with which it shares values and aspirations.

RUSSIAN AND THE CIS COUNTRIES

In 2009, during the visit of the Russian president, Dimitri Medvedev, to Spain, the countries signed a Declaration of Strategic Association, which increased the bilateral relations to a strategic partner level. Their bilateral political relations are fluid and there are cooperation areas that are of great interest in economic, trade, institutional and corporate terms, thanks to the participation of
Fundación Consejo España-Rusia. The bilateral relations also include the civil societies, through the Spanish-Russian Civil Society Forum, and cover the academic area, through meetings between Spanish, Russian and Latin American rectors. This relationship was reinforced after holding the Spain-Russian Dual Year in 2011, which had a considerable impact on the tourist sector: in the first nine months of 2012, over 1 million Russians visited Spain, making it the country’s second-largest international destination.

The good political relations are also enhancing the trade relations, where there is potential for improvement since the economies can complement each other. This was evidenced by HM The King’s visit to Moscow in July 2012, the first one by a foreign head of state to the new Russian legislature, where the Spanish king received the country’s highest honour, the State Prize of the Russian Federation for Outstanding Humanitarian Achievements, and was accompanied by a large business delegation. The development of trade relations was also the focus of the Moscow mayor’s visit to Madrid in June 2012 and the Catalan president’s visit to Moscow in November 2012.

Likewise, Russia is a strategic partner of the European Union and, within it, Spain considers that it is a priority to strengthen the EU-Russia relationship, given the enormous interdependence of both regions. The main cornerstones of these relations are the Partnership for Modernization, launched during the Spanish presidency of the EU in 2010, and the Common Steps towards Visa-Free Travel, approved at the EU-Russia Summit on 15 December 2011, as a result of including this issue on the agenda between both blocs during the latest Spanish presidency.

Spain believes that Russia is a fundamental player in the international society in general and in the multilateral area in particular, both within the framework of the UN and its relations with the EU and NATO.

With respect to the rest of Eastern Europe, the bilateral relations with Ukraine, Belarus, Moldova and three South Caucasus states, Georgia, Armenia and Azerbaijan, form part of the neighbourhood policy context of the EU and the Eastern Partnership, which define a political association and economic integration between these countries and the European Union. Spain wishes to advance these relations with those six states and closely watches, with interest, their performance, supporting their progress based on the principle of “more for more” agreed by the EU with all its partners.

The South Caucasus attracts a growing interest because of its geostrategic situation and importance for the international energy sector, in terms of both its rich reserves and the fact that it is a crossroads; the existence of two long conflicts, South Ossetia
and Abkhazia, and Nagorno-Karabakh, are also the focus of international attention. The reforms and democratic development of the Caucasus states and the boost in the pro-European foreign policy are of growing interest for both Spain and the EU.

Spain is strengthening its bilateral relations with the South Caucasus countries, as evidenced by the official visit of the Georgian minister of foreign affairs to Spain in April 2012 and the official trip of the Spanish secretary of state for foreign affairs to Baku (Azerbaijan) in July 2012.

Lastly, although members of the Organization for Security and Co-operation in Europe (OSCE), the five Central Asian countries are not included in the EU’s neighbourhood policy. This large region is important because of its strategic position between the three main powers, Russia, China and India, its vast energy resources and, at present, its role in regional stability as a result of its geographical closeness to Afghanistan. This market has enormous potential for Spain, which has already carried out major transactions in Kazakhstan, the region’s largest country.

MOROCCO

Morocco, the only non-European country that borders Spain, is, because of this and many other reasons, the focus of special attention in foreign policy, as evidenced in the diplomatic tradition which establishes that it is the first destination abroad of the Spanish heads of government.

Therefore, the Spanish president of the Government visited Rabat on 18 January 2012, where he was welcomed by King Mohammed VI and the new
head of government, Abdelilah Benkirane. The visit was a major milestone in the consolidation process of the bilateral relations based on mutual respect and their willingness to understand.

Their intense and broad bilateral relations were recorded in the minutes of the 10th top-level meeting held in Rabat on 3 October 2012, attended by the Spanish president of the Government, seven ministers and several secretaries of state, which formalised the shared wish to build a strategic association that includes reinforcing political dialogue, building a new economic association and expanding cultural, educational, social and human cooperation.

The intensification of the political dialogue is evidenced by a growing number of visits at different levels in both ways, such as that of the Spanish minister for foreign affairs and cooperation to Rabat on 20 June, and greater consensus on international issues, such as the launch of the Joint Initiative for Mediation in the Mediterranean.

This new economic association is a new framework for integrating the growing economic exchanges. Morocco is the second-largest non-EU market for Spanish companies, behind only the US. Therefore, Spain has become Morocco’s biggest supplier. Around 20,000 Spanish companies, mainly SMEs, maintain trade relations with the country. Moreover, Morocco is the largest African destination for Spanish investments, and Spain is the second-biggest investor in Morocco, present in practically all the activity sectors.

The bilateral relations are also especially intense in the educational and cultural areas since Morocco has the largest network of Spanish educational centres and the second-biggest number of Cervantes Institutes. The human exchanges are also very important, as evidenced by over 800,000 Moroccans living in Spain, and a similar number of Spanish tourists visiting the country every year.

ALGERIA

The relations between Spain and Algeria form part of the Treaty of Friendship, Good Neighbour and Cooperation signed on 8 October 2002, which envisages top-level meetings and ministerial and technical contacts.

Since 1996, the trade balance between the two countries has clearly been loss-making for Spain, with a coverage ratio of nearly 50% in 2012, as a result of the weighting of energy imports, mainly gas, which account for 95%-99% of what Spain imports from Algeria. In this respect, Algeria is Spain’s largest gas supplier, accounting for 45.39% of total gas imports.

Between 2005 and 2008, Spain was the largest investor in Algeria. Although the hydrocarbons sector
has always received most of the investments, the Algerian authorities wish to diversify the economy by opening up new opportunities for Spanish companies in sectors such as renewable energy, food, pharmaceutics, electronics, chemicals, construction, iron and steel, mechanics, cement, cable, textile, household appliances, paper and paints.

In security issues, the Spain-Algeria Contact Group is an informal forum for dialogue and exchange of analysis and information about bilateral and international issues regarding the fight against terrorism. This Group supplements the Mixed Commission between the Home Affairs Ministries of both countries, envisaged in the Bilateral Agreement on security and the fight against terrorism and organised crime, in force since 2009.

**SPAIN AND THE INTERNATIONAL ORGANISATIONS**

Spain forms part of the main international bodies and has permanent representations at the United Nations and its specialist bodies, the OSCE, Council of Europe, OAS, OECD, EU and NATO.

The Spanish government has often stated its trust in an active and effective multilateralism and its full support to a leading role played by the UN in its fight against new challenges (the food and energy crisis, poverty, terrorism, climate change, and drinking water access and management) by creating consensus areas and fostering political commitment.

The government also supports the current reform process of the UN, its Security Council and its main bodies, and the improvement in the coordination of the UN’s policies and management, especially the development, humanitarian aid, environmental and gender issues.

Spain has also reiterated its support to initiatives within the framework of the UN, such as the Alliance of Civilizations and an understanding between cultures, as well as the Zaragoza Charter on sustainable water usage, and the moratorium on applying the death penalty and its abolition in 2015 for minors and disabled persons, as a first step in abolishing it completely.

Moreover, Spain firmly contributes to maintaining international peace and security by participating in several multilateral peace missions of the UN, EU, NATO and OSCE. The main ones are UNIFIL (UN in Lebanon), ISAF (NATO in Afghanistan), Operation Atalanta (EU in the Indian Ocean) and several EU civil missions.
UNITED NATIONS

Spain’s foreign policy makes of effective multilateralism an essential instrument for dealing with the challenges and problems of our times, including maintaining international peace and security. Spain’s focus on multilateralism, whose core is the United Nations system, is evidenced by its growing presence in the UN’s bodies, funds and programmes. Since joining the UN on 14 December 1955, Spain has increased its political and financial participation in its system, while the number of Spanish citizens in the organisation has also risen. This multilateral vocation in favour of international peace and security is evidenced by the fact that Spain has been a non-permanent member of the Security Council four times (1969-1970, 1980-1981, 1993-1994 and 2003-2004), with a periodicity of around 10 years. Spain has also presented its candidacy to serve on the Security Council in the 2015-2016 period.

The country helps to reinforce the UN’s capacity to maintain and consolidate peace by establishing the appropriate level of participation in the peace missions authorised under the mandate of the Security Council, providing military officers and personnel from the State’s security bodies and forces, and making the infrastructure required for improving logistics capacities available to the Organisation. At present, Spain is the ninth-largest contributor to the Peacekeeping Operations (PKO) budget and is ranked twenty-seventh in terms of military and police personnel provided to these missions, with nearly 1,013 officers.

Spain’s commitment to peace and security is also reflected in the construction of the new UN Communications Centre Support Base for the peacekeeping and other operations, located in Quart de Poblet (Valencia), which will ensure all the telecommunications and computer services
with the UN missions, in both the peacekeeping operations and humanitarian missions. This centre was inaugurated in July 2011 with the presence of the UN Secretary General.

Likewise, Spain has also participated in recent years in the main international security and stability projects, such as the UN Peace Building Commission, by fostering dialogue, mediation and conflict prevention.

Apart from maintaining peace and security and reforming the UN system, Spain’s UN priorities also include international cooperation for development, fostering and protection of human rights, food safety, climate change, gender equality and women empowerment, and the fight against terrorism.

According to the scale established by the General Assembly, which considers the payment capacity of each country, where the national income is the fundamental criterion, Spain is the ninth-largest net contributor to the UN’s ordinary budget, providing 3.177% of the total. However, taking into account the total contributions to the UN System (its ordinary budget plus that of its other bodies, the budget for peacekeeping operations, and voluntary contributions to funds, agencies and programmes), Spain was the sixth-largest financial contributor in the 2006-2010 period (the latest budgeted), with an average of 1.1255 billion dollars per year.

**OTHER UNITED NATIONS BODIES AND PROGRAMMES**

Spain actively participates as a member State in the international organisations of the United Nations System, the international financial institutions and the funds and programmes of the UN. These specialised UN bodies, agencies, funds and programmes provide the backbone for the UN’s actions in issues as diverse and important as health (WHO), sustainable development and the fight against climate change (UNEP), gender issues (UN Women), education and children (UNESCO, UNICEF), agriculture and food safety (FAO, WFP and IFAD), emergency response to humanitarian crises and natural disasters (UNHCR) and international cooperation for development (UNDP), among others.

Spain has participated and participates actively in the design and execution of the operational activities of all these agencies, both at their headquarters and on the ground, since most of their principles and objectives coincide with those stated in the various master plans for Spanish cooperation. Also within the current framework of budget containment, Spain firmly supports the principles and work of these agencies, programmes and funds, concentrating mainly on the specialist bodies whose actions are in line with the Spanish cooperation priorities.
The World Tourism Organization (WTO) is the only specialist UN body headquartered in Spain. It has 155 member countries, 6 associates and over 400 affiliated members which represent the private sector, education institutions, tourism associations and local tourist authorities. The WTO has a unique feature in that it is the UN agency that manages the main source of revenues in Spain. On the other hand, Zaragoza was chosen to headquarter the UN Office to support the International Water Decade.

Numerous international events and conferences have taken place in Spain in the last few years.

OTHER ORGANISATIONS: OSCE AND THE COUNCIL OF EUROPE

The Organization for Security and Co-operation in Europe (OSCE) is a pan-European security organization whose 56 participating states (the US, Canada, all the European countries and those arising from the former Soviet Union) cover all the geographical area from Vancouver to Vladivostok. Recognised as a regional body in accordance with chapter VIII of the United Nations Charter, the OSCE is a primary instrument for early warning, conflict prevention, crisis management and post-conflict rehabilitation.

Based on the conviction that respect for diversity and human rights is the best way for maintaining peace and stability, and in accordance with a comprehensive and cooperative approach to security, the OSCE and its institutions focus their activities on three dimensions: politico-military, economic-environmental and human. Therefore, it deals with a large range of security-related issues that include arms control, measures aimed at fostering trust and security, human rights, national minorities, democratisation, policing, combating terrorism, and the economic and environmental activities.
The decisions are adopted by consensus in accordance with a politically, but not legally, binding basis. Spain, as the seventh-largest contributor to the organisation’s budget, actively participates in the three OSCE dimensions and, in recent years, it has had a significant presence in the Secretariat in Vienna, the Office for Democratic Institutions and Human Rights (ODIHR) in Warsaw, the High Commissioner on National Minorities in The Hague, and in on-site missions (with personnel deployed in the missions in Bosnia-Herzegovina, Kosovo, Serbia, Albania, Azerbaijan, the Former Yugoslav Republic of Macedonia and Turkmenistan), as well as a considerable presence in observing electoral processes which usually have Spanish observers.

In 2007, Spain held the presidency of the OSCE and reinforced its profile as a dialogue forum. At the Ministerial Meeting in Madrid on 29 and 30 November, the Declaration on Security and Environment was adopted, thus boosting the organisation’s work in this area. Ireland presided the OSCE in 2012, and Ukraine will chair it in 2013.

The fundamental objectives of the Council of Europe, the oldest political organisation in Europe created in 1949, are to defend Human Rights to foster parliamentary democracy and the pre-eminence of the rule of law. At present, the Council of Europe, which is headquartered in Strasbourg (France), includes 47 European countries, and five other states have an observer status: the Vatican, United States, Canada, Japan and Mexico. At present, Spain is the sixth-largest contributor to the organisation and one of its most active members. The Council of Europe safeguards democratic security in Europe, which is based on human rights, democracy and the rule of law. In January 2008, was Lluís María de Puig elected President of the Parliamentary Assembly of the Council of Europe. Moreover, the Council of Europe’s first Commissioner for Human Rights was the Spaniard Alvaro Gil-Robles, who held this office between 1999 and 2006. Spain presided the Committee of Ministers of the Council of Europe between November 2008 and May 2009. During its presidency, Spain made progress with the measures that would speed up the operations of the European Court of Human Rights.
One of the priority objectives in Spain’s foreign policy is the defence and fostering of human rights around the world, with the understanding that applying this effectively and reinforcing its international protection instruments will contribute to world peace and security.

Spain forms part of the immense majority of the international conventions on human rights. The most recent one was signed in February 2012: the 3rd Optional Protocol of the Convention on the Rights of the Child on a communications procedure.

Spain is up to date with the presentation of reports about its compliance with the nine large international conventions on human rights protection and their optional protocols. In 2012, Spain defended its report to the Committee on Human, Social and Cultural Rights. In December 2012, the 6th Report was presented to the Committee on Human Rights and the 1st Report to the Committee on Enforced Disappearances. Spain also participates actively in the Universal Periodic Review (UPR), to which Spain was subjected in April and September 2010. In early 2012, a voluntary intermediate report was presented regarding the review of the 98 recommendations accepted by Spain in the UPR.

Spain’s commitment to the multilateral human rights system is reflected in its support to the work of the UN High Commissioner for Human rights, its highest institution in the human rights area, with which there is a periodic bilateral consultation mechanism, and the Human Rights Council, which in 2008 replaced the former Commission on Human Rights, of which Spain is a member in the 2010-2013 period.

Spain also has an active participation in shaping and applying the EU’s human rights policy, through the Human Rights Working Group (COHOM) and the European External Action Service. In 2012, there was a long negotiation process at COHOM, which reviewed the EU’s human rights policy. This process culminated in June 2012, with the approval
at the Council of the European Union in Luxembourg of a strategic framework for human rights and democracy in the EU and an action plan with specific measures to be implemented before 2015. Likewise, the first EU’s representative for a specific issue was appointed in July 2012, when the Greek Stavros Lambrinidis became the EU’s first human rights representative, and thus, the EU’s external image for Human Rights.

The main priority action guidelines are as follows:

• **Struggle against the death penalty:**
  The abolition of the death penalty is one of Spain’s priorities in foreign policy in terms of human rights. In this context, the country fostered the creation of the International Commission against the Death Penalty, which is currently headquartered in Geneva, and whose president is the Spaniard Federico Mayor Zaragoza. Madrid will hold the 5th World Congress against the death penalty in June 2013.

  Additionally, Spain supports all types of formalities through the UE or at bilateral level to foster the abolition of the death penalty by applying a moratorium in the executions or at least respect for the minimum international standards when applying capital punishment as the first step towards the final goal of abolition. Spain actively participates in the EU’s campaign to foster the resolutions which are approved every two years at the General Assembly of the United Nations regarding the establishment of a universal moratorium when applying the death sentence; the last one was in 2012.

• **The rights of persons with disabilities:**
  At multilateral level, Spain was the first country of the Western Europe and Others Group and the second in the world to ratify the Convention on the Rights of Persons with Disabilities and its Optional Protocol, in whose negotiations it participated very actively. Spain was also the first country to submit its report to this Convention’s Committee, which was defended in September 2011. In the September 2012 elections, the Spanish candidate Ana Peláez was re-elected as member of the Committee on the Rights of Persons with Disabilities. Also within the multilateral framework, Spain was named co-facilitator, together with Philippines, of the final document of the high level meeting on disability scheduled for 23 September 2013.

• **Combating gender and sexual orientation discrimination:**
  The process to reform the gender architecture in the UN System has been boosted with the creation of UN Women; the application of UN Security Council Resolution 1325 (2000) on women, peace and security, which includes, among others, a course on A Comprehensive Approach to Gender in Operations, organised jointly by the ministries of defence and foreign affairs of Spain and the Netherlands; and the initiative to create a protocol model for effective investigations of murders committed for reasons of gender in Latin America. Additionally, and in

Sudanese women gather wood, escorted by members of the UN peacekeeping forces.
Improving access to drinking water in Haiti. Le Saut waterfall in Haiti.

- The human right to water and sanitation:

In the area of economic, social and cultural rights, the Spanish-German initiative to foster the recognition of the human right to drinking water and sanitation culminated in 2010 with the approval at the UN General Assembly of Resolution 64/292 and successive resolutions within the framework of the Human Rights Council, as well as the appointment of the Portuguese Catarina de Albuquerque as the UN special rapporteur on the human right to water and sanitation.

With the aim of continuing to foster at international level the recognition and practical application of the human right to water and sanitation, the Blue Group was created in January 2011. This informal group, co-chaired by Spain and Germany, comprises Bangladesh, Brazil, Croatia, Egypt, France, Maldives, Morocco, Slovenia and Paraguay.

The Office of Human Rights of the Ministry of Foreign Affairs and Cooperation also manages a subsidy programme for civil society projects aimed at disseminating, fostering and defending human rights, it is responsible for the Programme for Protection and Temporary Reception of Threatened Human Rights Defenders, and manages the training and participation of Spanish observers in international electoral observation missions in the EU, OSCE and, since 2009, the OAS.
SPANISH DEVELOPMENT COOPERATION

International development cooperation is an essential part of the State’s external action and forms part of the framework of the international consensus where Spain is an active player, especially in the United Nations, the OECD’s Development Assistance Committee (DAC), its permanence in the EU, its participation in the G20 and its leading role in the Ibero-American Conference.

The ultimate purpose of Spanish cooperation is to contribute to human development, the eradication of poverty and the full exercise of human rights.

The Spanish Ministry of Foreign Affairs and Cooperation has the State Secretariat for International Cooperation and for Latin America, which drafts, manages, executes, monitors and assesses the foreign policy regarding the region, international development cooperation and the coordination of the external cultural action.

Within the framework of the the State Secretariat, a General Secretariat for International Development Cooperation was recently created that assists it in its functions of international cooperation, and the Spanish Agency for International Development Cooperation (AECID) is in charge of fostering, managing and executing the public policies for this type of cooperation.

The 4th Master Plan for Spanish Cooperation starts in 2013 and ends in 2016. It is the basic element for planning the Spanish international development cooperation policy, establishing its general guidelines, objectives and priorities, as well as the estimated budget resources which will guide this in these four years.

The 4th Master Plan forms part of the international development agenda, highlighted by the completion of the Millennium Development Goals in 2015 and the drafting of a new post-2015 agenda. It also includes the challenges of the new Global Partnership for Effective Development adopted in Busan (Korea) in 2011, the EU’s Agenda for Change and the G20’s development agreements. All of this is aimed at seeking greater aid effectiveness in order to achieve real development results.

The plan provides a realist approach with 4-year objectives and results, a determination to re-design the country’s cooperation (resource concentration), results-oriented (defined together with the countries receiving the aid) and greater transparency and accountability towards Spanish citizens and the partner country.

Taking into account the search for greater effectiveness and Spain’s temporary budgetary limits, the aim is to focus on concentration, evidenced by a geographical and multilateral
approach and the eight main strategic guidelines of the Master Plan:

- Consolidate the democratic processes and the rule of law.
- Reduce the inequalities and vulnerabilities to extreme poverty and the crisis.
- Promote economic opportunities for the poorest.
- Foster social cohesion systems, focusing on the basic social services.
- Foster women’s rights and gender equality.
- Improve the provision of global and regional public goods.
- Respond qualitatively to humanitarian crises.
- Build a global citizenship committed to development.

Geographical concentration reduces dispersion and, therefore, the number of associated countries, so Spain can thus bring into line its work to its neighbouring countries. Its partners are: Bolivia, Colombia, Cuba, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Paraguay, Peru, Dominican Republic, Mauritania, Morocco, the Sahrawi population, the Palestine Territories, Mali, Niger, Senegal, Ethiopia, Equatorial Guinea, Mozambique and the Philippines. Responsible exit strategies are being defined for the countries that will no longer receive Spanish cooperation; in some cases, alliances may be formed to work jointly in the international fora on these issues.

A regional approach is also being considered, as well as the support to the South-South cooperation, especially regarding the reinforcement of cooperation institutions of the countries that are becoming donors, and triangular cooperation, where Spain will collaborate with an average income country to unite their technical and financial efforts, especially their experience, in executing a
Four priorities are established in multilateralism: concentration, effectiveness, mutual responsibility and participation. Based on them, the previous planning documents (the Strategic Association Frameworks) will be reviewed, and the coordination, complementarity and active and effective participation will be increased in the development agendas of the main bodies and fora: the UN (development and development funding agenda), EU (Agenda for Change), G20 (development group) and the OECD’s DAC.

As strategic cooperation partners within the system, Spain aims to reinforce the strategies with the non-governmental development organizations (NGDOs) and with the private sector, in line with the international development agenda. The country will continue to foster the use of programme-based aid (support coordinated to a receiving country’s development programme) and reimbursable financial aid through the Development Promotion Fund (FONPRODE) and coherence policies for development.

This new cooperation profile focuses especially on assessment, knowledge management, transparency and accountability through research and better information and measuring systems. Specifically, a system will be established to monitor and assess the cooperation actions, consisting of a results framework that sets out the objectives, results, indicators and sources of the verification.

This cooperation policy also includes reinforcing the system’s capacities, of both the Administration itself (the state, regional and local governments) and of the other players (NGDOs, universities, companies, trade unions, etc.). In the current budgetary framework, boosting the coordination and complementarity of all the players is of even greater importance for uniting efforts and capitalising on synergies.

In short, the aim is to provide better aid for development, which can be foreseeable and is coordinated with the other donors and agreed with the partner countries, and which is more effective and measurable; all of this taking into account the current budgetary restrictions that limit resource availability.

The AECID, operated by the Ministry of Foreign Affairs and Cooperation, is the body that manages Spain’s international development cooperation and fosters, manages and executes the public policies aimed at combating poverty and attaining sustainable human development in developing countries. Its functions also include coordinating the Spanish government’s food and emergency aid through its Humanitarian Action Office.

The AECID’s work can be seen in its various
development cooperation areas, through its sector-specific strategies in issues as important as health, gender, rural development, combating famine, the environment, climate change and culture. In the latter area, the aim is not only to promote and disseminate Spanish culture as well as scholarships and assistantships, but also to foster cultural and scientific strategies for development.

To carry out this work, the AECID has an external structure formed by technical cooperation offices and cultural and training centres in the countries that receive most of its cooperation aid.

The AECID’s role with respect to the NGDOs includes, among other issues, is to manage the Spanish NGDOs’ registration, foster frameworks to support voluntary workers abroad and channel the official development aid through the NGDO. All of this is carried out through instruments that provide effectiveness, quality, complementarity and shared objectives and seek a strategic alliance between the Administration and civil society in order to develop a common and shared policy focusing on human development.

In emergency situations, the AECID monitors them and gathers, analyses and manages the information in close coordination with the national emergency management authorities. The AECID has the following humanitarian logistics centres aimed at speeding up the mechanisms and response times in the event of disasters and guaranteeing predictability when implementing humanitarian operations: since 2005, an area transferred by the Defence Ministry in the airbase in Torrejón de Ardoz (Madrid); and since 2008, a centre in Panama that maximises Spain’s bilateral humanitarian aid in the region, in terms of both operational costs and response times.

The main activities in 2012 were as follows:
- Spain and the UN’s Food World Program (FWP) signed an agreement to establish a humanitarian logistics platform at the port of Las Palmas in order
to facilitate food provisioning for the Sahel famine crisis.

- Spain supported the international humanitarian efforts in places like Sudan, South Sudan, the Horn of Africa, the Democratic Republic of Congo, the Sahrawi refugee camps and Syria, out of a total of twenty humanitarian crises.

- In the last part of the year, AECID provided aid to those affected by the hurricanes in Cuba and the victims of the Guatemalan earthquake; Spain was one of the first donors to respond.

- Spain coordinated its work with the EU through the Delegate Cooperation and launched the programme to accompany the governance processes in the Arab countries (MASAR), which aims to provide an adequate and effective response to the democratisation processes that began in 2011 in the Arab world.
Spain today
2013

Chapter V
DEFENCE POLICY

F-18 fighter aircraft.
Spain's defence policy is a policy of state under the responsibility of the Central Government. Its overriding objectives are to safeguard the security of Spain and its citizens, and to protect their interests. Further, it is designed to defend the rights and principles recognized by the Spanish Constitution of 1978 and the Charter of the United Nations of 1945, and, within the framework of international law, to contribute to peace, global stability and progress, having regard to present and future risks and threats.

These objectives are of the essence of the prosperity and development of a society: if security is absent, there can be no progress or welfare.

In the light of its being a policy of state, defence policy is a government action that must enjoy the broadest possible support and operate as an effective instrument to preserve Spain's rightful place in the international context.

It is therefore vital that citizens should perceive defence as what it truly is: a necessity and a public good, that must have the support of all, and that exists for the benefit of all. National defence is a concern that ranges beyond the Armed Forces and military organization; it involves citizens, society and the powers of the state.

In addition, our defence policy must convey to our allies that Spain is a sound, genuinely reliable and responsible partner on the international stage, and that our primary focus on national defence does
not detract from our readiness to undertake a fully committed collective defence.

The National Defence Act 2005 (Ley Orgánica 5/2005), article 2, provides that the object of Spanish defence policy is “the protection of Spanish society as a whole, of Spain’s Constitution, of the higher values, principles and institutions enshrined in the Constitution, of the social and democratic state under the rule of law, of the full exercise of rights and freedoms, and of the security, independence and territorial integrity of Spain. In addition, defence policy is intended to contribute to the preservation of international peace and security in the framework of the undertakings given by the Kingdom of Spain.”

THE INSTITUTIONAL SYSTEM IN THE FIELD OF DEFENCE

In Spain, powers in the field of defence are clearly specified in the Spanish Constitution of 1978 and in the National Defence Act 2005, which lays down the key principles of military organization in accordance with the provisions of the Constitution.

The King of Spain, Juan Carlos I, under the Constitution, in addition to his role as Head of State and as a symbol of the unity and permanence of Spain, is the Commander-In-Chief of the Armed Forces, and it is he who, with the consent of the Cortes Generales, the Spanish national Parliament, has the power to declare war and make peace.

The Constitution ascribes to the Central Government the powers of Military Administration and the defence of the realm, and to the Armed Forces – comprising the Army, the Navy and the Air Force – the mission of safeguarding the sovereignty and independence of Spain and defending its territorial integrity and constitutional order.

Under the National Defence Act 2005, the President of the Government is in charge of managing defence policy and setting its goals, handling emergencies impinging on matters of defence, and carrying out the strategic oversight of military operations in the event that force is used. The President of the Government has discretion to decide whether or not the Armed Forces are to act, and to order, coordinate and direct their operations. Specifically, the President of the Government has powers to: decide on the wording of the National Defence Directive, specify and adopt major objectives and strategic plans, formulate guidelines for foreign negotiations impinging on defence policy, decide on the application of the objectives and key operational lines of action of the Armed Forces, and cause military missions to be undertaken.
Within the Cabinet, defence policy is implemented and executed by the Minister for Defence. Specifically, the Minister for Defence assists the President of the Government in the strategic management of military operations, and directs the operations of the Armed Forces under his or her authority. In addition, the Minister for Defence designs and executes military policy and is the head of the Military Administration.

The Cortes Generales, Spain’s legislative power, has authority to pass laws regarding defence, to appropriate budgetary credits to defence purposes, and to call the Government to account for its management of defence affairs. In addition, it is the national Parliament that grants prior authority for international treaties and conventions in the military arena, and that discusses the general lines of defence policy – specifically, recruitment and modernization plans.

The Government must consult the Lower House of Parliament and obtain its consent before it may order foreign operations not directly relating to the defence of Spain or the national interest. Such operations must be in conformity with international law and must be requested expressly by the Government having authority in the host territory, or must be endorsed by a decision of the United Nations or the North Atlantic Treaty Organization, or a resolution of the European Union. Prior authorization from Parliament is not required for a legitimate defensive response to acts of aggression against Spain or its national interests, or to undertake a mission directly relating to the protection of the legitimate interests of our country.

Finally, in addition to the system of institutions and Government powers relating to defence, the Constitution provides that “Spanish citizens have the right, and are under a duty, to defend Spain.”
STRATEGIC FRAMEWORK OF SPANISH DEFENCE POLICY

One of the roles of the President of the Government referred to above is to decide on the wording of the National Defence Directive, which sets out the broad lines of defence policy and guidelines for its implementation.

The new National Defence Directive was adopted on 31 July 2012 by the President of the Government of Spain. The Directive establishes and prescribes the present strategic framework, Spain’s relevant interests, and key issues and guidelines.

In the present context of austerity and the search for efficiency, it is necessary to undertake careful planning and lay down a stable framework for action that is at the same time sufficiently flexible and adaptable to unforeseen risks and threats. Our environment is global and fast-changing: we are witnessing the emergence of new powers, the entrenchment of existing powers, a major global economic and financial downturn, turbulence in the Mediterranean theatre, instability in the Sahel, nuclear proliferation, piracy and cyber attacks.

Europe is the priority area of interest for Spain, because our security is indissolubly linked to the security of Europe. Therefore, Spain is committed to implementing a genuine Common Security and Defence Policy as mandated by the Treaty of Lisbon.

The Mediterranean theatre is of particular interest for Spain, which firmly supports all multilateral initiatives of the European Union, the North Atlantic Treaty Organization and the Organization for Security and Cooperation in Europe (OSCE) targeting this region, and is committed to bilateral relations with the countries of Mediterranean, with which we share key interests. Moreover, Spain is one of the main backers of the 5+5 Initiative, in which ten neighbouring countries – five in north Africa, five in southern Europe – have joined forces to implement multilateral cooperation towards reinforcing mutual understanding and trust in the Western Mediterranean. This being so, the recent events in the Sahel and the Middle East affect us directly.

Latin America is another of our priority regions. Spain supports bilateral relations and military cooperation with Latin American states and initiatives designed to reinforce multilateral cooperation among the countries of the region. Latin America is a region with which we have indisputably important bonds.

These priorities are consistent with a robust and balanced transatlantic relationship in which Spain is a firm ally with a strong commitment to the North Atlantic Treaty Organization and to our bilateral relationship with the United States.
Against this background, the National Defence Directive of July 2012 establishes that the broad outlines of Spanish defence policy during this Government term are concerned to:

- Assure a strong Spain capable of exerting the necessary influence on the international stage to contribute to global stability, particularly in our region of direct focus, and of protecting our national interests in the rest of the world.

- Implement full consistency and coordination across all instruments managed by the various Central Government departments in order to achieve the utmost effectiveness when facing threats to national security.

- Maintain a credible and sufficient level of national deterrence to prevent the risk scenarios of our geographical environment to materialize as threats, and keep up response capabilities that assure the defence of national territory, the general public, and Spain’s interests.

- Carry out the necessary upgrading of the Armed Forces to rise to the increasing strategic challenges facing Spain at a time when the availability of resources is limited.

- The defence of Spain must be recognized by all Spanish citizens as a vital concern that forms the bedrock of our independence, sovereignty and territorial integrity, and, in addition, of peace, freedom, respect for our interests and our own prosperity. Effective defence demands citizen involvement, for this is the only way that policy can enjoy continuity and depth. Efforts will accordingly be focused on strategic communication of defence issues so as to raise awareness of Spain’s defence and, going into greater depth, to foster a defence culture.

As a result of the National Defence Directive, on 21 October 2012 Spain’s Minister for Defence signed the Defence Policy Directive, establishing the guidelines required so as successfully to fulfil the Government’s aims within the purview of the Ministry of Defence.
Key points addressed by this document are the rationalization of national security structures, the preservation of deterrence capabilities, maintenance of international defence-related relations in the multilateral and bilateral spheres, adaptation of the structures of the Armed Forces, and support for the international presence of the Spanish defence industry.

THE ARMED FORCES

The Armed Forces, which come within the purview of the Ministry of Defence, are the cornerstone of defence, and constitute a single entity conceived of as an integrated whole combining the means of action specific to each of its components: the Army, the Navy and the Air Force.

Since 2002, when compulsory military service was abolished, all men and women in the Armed Forces – over 126,000 people under arms (12.2% of whom are women) – are professionals, and are undoubtedly the highest source of value in the Armed Forces. One of the key features of the members of our Armed Forces is their human calibre, shaped by a spirit of public service, leadership, dedication and professionalism.

Management of personnel as a vital element of defence policy satisfies the quantitative, qualitative and motivational requirements of our Armed Forces by articulating systems for recruitment, training and the military career as a whole. Excellence is pursued both at the training stage and in the selection of those best qualified for promotion and those suited to the performance of various roles, while ensuring a highly motivating career offering equality of opportunity for professional growth.

In this respect, the keystone of the legal framework is the Military Career Act 2007 (Ley 39/2007), which provides, among other key aspects of the model, a specification of Armed Forces personnel, the duties that such personnel are called upon to discharge in the various forces and categories, and the rules governing their entry, training and professional career. The main novelties of the statute are the establishment of a new structure of corps and scales, the modification of the schemes of promotion and progression in order to encourage merit and ability, and the reform of the system of military training.

The rights and duties of members of the Armed Forces are set out in the Armed Forces Personnel Rights and Duties Act 2011 (Ley Orgánica 9/2011), which governs the exercise of fundamental rights and public freedoms recognized by the Constitution, having regard to their status as public servants subject to military discipline, and to the provisions of the National Defence Act 2005.
The key novelties of this statute are the rules introduced on the right of association, the creation of the Armed Forces Personnel Board as an associational participation body for military personnel, and the creation of the Military Life Observatory.

Spanish Armed Forces personnel are subject to a code of ethics set out in the Royal Ordinances for the Armed Forces, which require that a soldier act with discipline, in observance of hierarchy and unity, and in accordance with the principles of objectivity, integrity, neutrality, responsibility, impartiality, confidentiality, dedication to service, transparency, duty to provide a model of behaviour, austerity, effectiveness and honesty.

Another of the priority aims of personnel policy is to strike the right balance for the professional, family and personal lives of Armed Forces personnel, while keeping faith with service requirements and the demands of the profession. The Observatory for the Equality of Women and Men in the Armed Forces, created in December 2012, the Permanent Secretariat for Equality of the Ministry of Defence and the Personnel Support Service Division, are having their functions and tasks enhanced, particularly as to the system of social protection, equality of opportunity, and support for the wounded and the families of soldiers killed in the line of duty.

Royal Decree 456/2011, enacting the Regulation on Professional Military Personnel Deployment, assists work-life balance by setting specific rules on deployment during pregnancy and breast-feeding periods, introducing a family grouping factor to merit-based competitive schemes, and establishing safeguards against having both parents of a child under twelve years overlapping in time on tours of duty or missions.

Another recently adopted measure in support of personnel is the granting of leave for the care of children suffering cancer or other serious diseases. This form of leave has been added to existing facilities for work-life balance, such as maternity leave, paternity leave, flexible working time and shortened working days.

In addition, provisions have been put in place that link wounded soldiers to the Armed Forces through their respective military units so that they are able to
continue serving in positions compatible with their situation.

In addition, the training model begun in 2010 with the creation of Defence University Centres, located at the General Academies of the Army and Air Force and the Navy School, is in the process of being completed and improved. Training in military values and professional techniques is maintained; a university degree is introduced for officers, and a higher vocational training qualification is created for non-commissioned officers. The review of the model will also be concerned to ensure that privates and seamen obtain a middle-grade vocational training qualification.

In the academic year 2010/2011, military training centres accepted the intake of the first classes of Army, Navy and Air Force officers who are to be trained under the new system. This has raised the number of candidates applying to enter the Armed Forces.

A new Defence University Centre, located in the Madrid Defence Schools Group, has been created for the purpose of awarding medical degrees to future officers of the Military Medical Corps, in conjunction with specifically military training. This model accepted its first students upon the opening of academic year 2012/2013.

The first intake of students under the new model designed for sub-officers were accepted by the respective military training centres at the start of academic year 2011/2012.

The staff lists regularly adopted by the Government specify the size of our Armed Forces in accordance
with our defence needs and the geographical, social and economic characteristics of Spain. Specifically, staff lists adopted by the Government for the four-year period 2009-2013 set a target for Army and Navy personnel of 80,000 to 90,000 people under arms, and a maximum of officers and warrant/non-commissioned officers of 50,000. The 2013 Budget Act (Ley 17/2012) has set a ceiling on military personnel in service as at 31 December 2013 of 80,000 troops and seamen.

On 31 December 2012, the total active military personnel of the Armed Forces came to 126,249. 15,435 were women, representing 12.2% of the total. Female recruitment to the Armed Forces began in partial form in 1988. Today, women are admitted to and develop their careers in the Armed Forces on a footing of equality of opportunity, having access to all corps and scales and all postings, including the most operational, existing in the Armed Forces. Today, it can be said that formal equality is assured within our Armed Forces, and that the goal in this area is to entrench factual equality of women and men. Spain is one of the European countries having the highest proportion of women in its Armed Forces.

Foreign nationals of countries with which Spain has important historic ties are eligible for recruitment to our Armed Forces as troops and seamen and as supplemental officers of the Military Medical Corps. Foreign nationals serving with Spain’s Armed Forces are limited to a quota of 9% of total troops and seamen; at 31 December 2012, there were 2,568
Professional Armed Forces require the assistance of qualified civilian personnel. At 31 December 2012, civilian personnel assisting the Armed Forces totalled 23,873, of whom 5,641 were civil servants, 16,955 were under ordinary contracts of employment, and 1,277 were public employees under a special statute of employment.

### MODERNIZATION AND INNOVATION

#### MODERNIZATION

In the present context of cost containment, modernization calls for an intense effort to find a balance between economy and programmes equipping the Armed Forces with the necessary resources and an optimal level of operational capability and security.

The modernization programmes in progress in our Armed Forces cover include resources, such as F-100 frigates, marine action ships (Spanish “BAMs”) and the S-80 submarine. In partnership with other European countries, Spain is also working on the design and construction of the Eurofighter, the A-400 M military transport aircraft, and Tiger and NH-90 helicopters.

In the land arena, our programmes are equipping the Armed Forces with a high level of protection against landmines and other explosive devices, such as

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**FEMALE PERSONNEL BY CATEGORY AND HIGHEST RANK ACHIEVED IN EACH CATEGORY**

<table>
<thead>
<tr>
<th>Category</th>
<th>% Women</th>
<th>Highest rank achieved by a woman soldier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Officers</td>
<td>6.7%</td>
<td>Lieutenant-Colonel</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lieutenant Commander</td>
</tr>
<tr>
<td>Non-commissioned</td>
<td>3.1%</td>
<td>Sergeant Major (OR-9)</td>
</tr>
<tr>
<td>officers</td>
<td></td>
<td>Master Sergeant (OR-8)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sergeant First Class</td>
</tr>
<tr>
<td>Army and Navy enlisted</td>
<td>16.9%</td>
<td>Sergeant (OR-5)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Corporal (OR-4)</td>
</tr>
</tbody>
</table>

Source: Ministry of Defence, December 2012.
RG31 and Lince armored personnel carriers, Pizarro armoured fighting vehicles and Leopard main battle tanks.

INNOVATION

The Ministry of Defence’s R&D strategy helps achieve military capabilities by equipping the Armed Forces with armament systems and equipment having the technological sophistication and features that are best suited to the Forces’ future missions. In addition, the programme is intended to support and promote the competitiveness of Spain’s Defence Industry and Technology Base so as to develop industrial and technological capabilities, which are necessary and essential to defence.

ITM – the Technological Institute of La Marañosa – is an R&D benchmark in the fields of armament, materiel and equipment technology. Its role is to evaluate and test equipment and conduct research projects in fields such as armament systems, electronics, metrology, nuclear, biological and chemical defence, information technologies, communications, etc.

The National Institute of Aerospace Technology (INTA) and the El Pardo Hydrodynamics Experiment Channel (CEHIPAR) supplement the activities of the ITM and the strategy of technology and innovation for defence. Coordinated work and the combination of the efforts of these three bodies are regarded as the path towards making best use of scientific knowledge and technological development in the fields of concern of Ministry of Defence and the Armed Forces.

Spain also operates an ambitious satellite programme.
The NATO Summit held in Lisbon in November 2010 was a historic milestone. A new “Strategic Concept” was adopted that defines a renovated NATO that is better able to rise to the challenges of the twenty-first century, while streamlining and optimizing its structure, but retaining the essence of its collective defence undertaking. The Lisbon Summit also marked the beginning of a new relationship with Russia, while strengthening ties between NATO and partner countries outside the core structure of the Alliance as an effective tool to achieve global security.

Against this background, the command structure of the Alliance was reformed so as to reduce the number of headquarters – four of the existing HQs, including Retamares, will be discontinued, while Torrejón de Ardoz (Madrid) will become the site of a Combined Air Operations Centre (CAOC), which is scheduled to achieve its initial operational capability by mid-2013.

A few months after the end of Operation Unified Protector in Libya, where NATO again displayed its continuing effectiveness, the Alliance held the Chicago Summit in May 2012. At that meeting, the key issues addressed by the Heads of State and Government in attendance focused on the future of NATO’s mission in Afghanistan (process of transition and design of the future post-2014 mission), on cooperative development of Alliance capabilities, on antimissile defence, and on relations with partner...
countries; NATO’s deterrence and defence position came under review.

In 2012, Spain contributed close to 5.5% of the funding of the common expenses of the Alliance, thus standing in the seventh position among the allies; this position is expected to be maintained throughout 2013.

EUROPEAN UNION COMMON SECURITY AND DEFENCE POLICY (CSDP)

In 2012, the European Union continued to implement the provisions of the Treaty of Lisbon and reduce them to practice. A highlight was the bringing into operation, structuring and operational entrenchment of the European External Action Service, which, headed by the High Representative of the Union for Foreign Affairs and Security Policy, brings together the Crisis Management and Planning Directorate, the European Union Military Staff, the Civilian Planning and Conduct Capability, and the Situation Centre.

The consolidation of the European Defence Agency after the entry into force of the Treaty of Lisbon has catalyzed its activities. In the framework of capability development, since the Informal Meeting of Defence Ministers held in Ghent, Belgium, in September 2010, all European Union high-level meetings in 2012 have focused on the pooling and sharing of military capabilities in the present context of economic downturn and severe budgetary strictures. Since late 2011, the European Defence Agency has developed a range of cooperation opportunities in the areas of pilot training, marine security, satellite communications, medical support, air resupply and precision-guided munitions, inter alia, and Spain is actively involved in many of these initiatives. Spain also supports the rise of the European armament market, the defence industry, and research and development efforts.

As to geographical regions of priority interest, the Sahel is high on the European Union policymaking agenda. The EU has multiple interests in this area, including the fight against threats to security and organized crime, energy security, and illegal immigration. Spain, which has links to the Sahel by reason of geographical proximity and a range of economic and security-related interests, has played a proactive role in the framework of the initiatives planned by the European Union for this region. As part of the European Union strategy for the Sahel, in July 2012 a civilian mission was set in motion within the ambit of the Common Security and Defence Policy under the name EUCAP SAHEL Niger. The mission head is a Spanish Brigadier General of the Civil Guard. In Mali, Spain is also playing an active role in an effort to resolve the situation in that country.

Improvements have been set afoot in the European Union’s ongoing operations in the ambit of the CSDP, particularly with the widening of the objectives of
Operation Atalanta,¹ which now includes the European Union Training Mission EUTM Somalia – a mission to train the Somali security forces – and the launch of a new mission called EUCAP NESTOR for Regional Marine Capacity Building (RMCB) in the Horn of Africa. In the short term, this mission involves focusing on training and capacity building at sea. It initially targets Djibouti, Seychelles, Kenya and Tanzania – later to be widened to Mozambique and Mauritius – and the training of judges and coast guards in Puntland, Somaliland and, at a later stage, Galmudug. Spain is present in this new mission because it makes progress towards “Somalization” and the regionalization of the fight against piracy, so facilitating our forces’ gradual departure from the area.

The European Union Action Plan for the Fight against Piracy in the Horn of Africa and Western Indian Ocean sets out the interrelations among all actors in the area and their activities, identifies clear objectives to coordinate those activities, and specifies the steps to be taken by European Union services and institutions to work in unison towards those objectives. The framing of the action plan and the activation of the European Union Operations Centre, which coordinates missions and operations in the Horn of Africa, have been major milestones towards coordinated action in this area of the world, and demonstrate the European Union’s collective commitment and comprehensive approach to problem-solving.

Finally, Spain continues to support the processes launched in relation to the Common Security and Defence Policy. Specifically, the member states of the so-called Weimar Initiative², in a process known as the Weimar Initiative Plus, freshly urged the High Representative to act upon the need to bolster the European Union’s effectiveness and credibility in the ambit of the CPSD. European Union capacity for civilian and military planning and conduct is one of the key issues that, it is believed, should be addressed urgently.

¹ The operation began in 2009 with the aim of protecting shipping within the World Food Programme, trade and fishing activities from pirates operating in the area.

² Germany, France and Poland, later joined by Spain and Italy.
SPANISH INVOLVEMENT IN INTERNATIONAL MISSIONS

The Spanish Armed Forces have several detachments posted abroad on various international missions under the auspices of the United Nations (UN). In total, since 1989 Spain has participated in 62 international peace operations, and over 120,000 members of the Army, Air Force and Navy have made this possible with their presence on four continents. These missions are high risk. The painful proof of this is that in the course of those missions 166 men and women died in the line of duty.

It must be highlighted that in the ambit of military operations it is our priority to offer support to the families of deployed troops and officers.

BOSNIA-HERZEGOVINA-EUFOR ALTHEA

The European Union launched Operation EUFOR Althea in Bosnia-Herzegovina on 2 December 2004 to ensure compliance with the military terms of the Dayton Accords. The mission continued the work of earlier operations under UN command (UNPROFOR) and later under NATO command (IFOR, SFOR), starting in the 1990s.

On 25 October 2010, the Council of the European Union reasserted its commitment to Bosnia-Herzegovina through a non-executive component to advise and train the country’s Armed Forces, coexisting with the executive security maintenance mission. After over 18 years of presence in Bosnia-Herzegovina, in October 2010 Spain completed the final withdrawal of its units in the framework of EUFOR Althea. At present, 11 troops and officers are posted to the country on the advisory and training mission, given that it is believed that military activities in the area are no longer necessary. Those personnel are deployed to the EUFOR headquarters in Sarajevo, SHAPE and Naples, and as members of the Mobile Training Team in the locality of Travnik.

The Mobile Training Team advises the Bosnia-Herzegovina Armed Forces on doctrine, interoperability, standardization and training through officers attached to the country’s Training and Doctrine Command (TRADOC).


LEBANON/UNIFIL

In July 2006, in the wake of Hezbollah’s border incursion against Israel, the Israeli-Lebanese crisis broke out. In August that year, Resolution 1701 of the UN Security Council increased the size of the United Nations Interim Force in Lebanon (UNIFIL), first created in 1978, to a strength of 15,000, while also widening the mandate of its mission. Spain made
a commitment from the outset, after the required Parliamentary consent, to send a detachment, and for the first time a Spanish general was appointed Head of Mission and Force Commander.

The mission now involves 37 countries and 11,181 military troops and officers, 659 of whom are deployed by Spain.

According to United Nations reports, the mission has achieved the intended success and the situation in southern Lebanon is more stable.

In 2012, as a result of the outcome of the strategic review, released on 12 March, Spain reduced its detachment by 190 troops and officers. It is expected that in 2013 the Spanish contingent taking part in this operation will again see its numbers decreased.

As part of our support for the involvement of other countries in these missions, a highlight is that the Spanish detachment comprises an Infantry Section from El Salvador. This year, this unit will be joined by an Infantry Section and NSE (National Logistical Support Element) from Serbia.

ATALANTA-EUNAVFOR

Together with France, Spain has been the main driver of the setting in motion of a European Union operation in the Indian Ocean close to Somalia, with the aim of protecting shipping within the World Food Programme and trade and fishing activities from pirates operating in the area. Operation Atalanta deployed in early 2009, and Spain has continued to play an active role since then.

As at December 2012, the Spanish contribution comprises close to 300 personnel across the Navy ship Méndez Núñez and air detachment Orión, with a permanent MPRA (Maritime Patrol and Reconnaissance Aircraft) deployed at Djibouti. For the fourth time, Spain exercises command of the force, from December 2012 to April 2013. Despite the difficulties involved in the surveillance of a geographical area three times the size of the Mediterranean, the mission has considerably dampened the success rate of pirates’ hijack attempts.

The increasing effectiveness of the operation was enhanced still further by the authorization given by the Transitional Federal Government of Somalia to the United Nations so that the forces involved in Operation Atalanta may undertake action against the pirates’ logistical sites on the Somali coast.

In addition, Spain supports the expedient of protecting Spanish fishing vessels operating in the area by means of private security guards on board ship. The experience has been a success: no Spanish-registered fishing vessel having security on board has been hijacked.
SOMALIA-EUTM

Also within the framework of the fight against piracy, Spain assisted the European Union Training Mission, EUTM-Somalia, now underway in Uganda, which is designed to equip the Government of Somalia with capabilities to combat piracy from land. The mission began in May 2010, and its first commander was a Spanish colonel.

The initiative involves 120 troops and officers from 11 European Union countries and two non-EU countries. On 28 July 2011, it was decided to extend the mission and appoint an Irish colonel to head it up, marking the start of a second mandate. For this new mandate, the Spanish contribution consists of five personnel in headquarters postings and other mission organs (three in Kampala, one in Bihanga and the head of the support capability in Brussels), while for the training teams we have provided 8 to 14 personnel, depending on the training modules underway at the given time.

In the light of widespread recognition that the mission is successfully achieving its goals, and given the broad consensus in the international community on the expediency and timeliness of extending the mission beyond its present mandate, the European Union member states have approved a third mandate of 27 months, in which Spain will continue to be involved.

AFGHANISTAN-ISAF (International Security Assistance Force)

The NATO mission in Afghanistan is an operation undertaken under the auspices of Chapter VII of the United Nations Charter, in reliance on various resolutions of the Security Council, starting with Resolution 1386, of 20 December 2001, and the latest being Resolution 2069, of 9 October 2012. At present, the mission involves over 100,000 troops and officers from 50 countries.

The objective of the international force is to support the Government of Afghanistan, in conjunction with the country’s security forces, by assisting in
reconstruction through the training of the Afghan military and police.

Spanish involvement dates back to 2002, when 450 troops and officers were deployed to Kabul. In May 2005, Spain took on new duties in the west of the country, deploying a Provincial Reconstruction Team (PRT) at Qala-i-Naw and another portion of the contingent at the Herat Forward Support Base. From October 2009 to April 2010, Spain was also in charge of controlling Kabul International Airport.

Spain also reinforced its detachments during the processes surrounding the presidential elections of 2004, 2005 and 2009. In February 2010, a reinforcement was approved for the permanent detachment numbering 511 troops and officers to provide three Operational Mentor and Liaison Teams, or OMLTs, along with protection teams, logistics support teams and reinforcements for the ISAF headquarters. Authorization was given to deploy 40 troops and officers for the training and instruction of the Afghan police forces.

Spain is in charge of a Provincial Reconstruction Team in the province of Baghdis. The capital of the province, Qala-i-Naw, serves as the base of a delegation of the Spanish Agency for International Cooperation and Development, which is working on basic health care, education and infrastructure initiatives. The Reconstruction Team’s base at Qala-i-Naw, the new González de Clavijo Provincial Support Base, was inaugurated on 13 July 2010, and provides facilities that have considerably improved the living, working and security conditions of deployed troops.

In addition, Spain is a participant at the Herat Forward Support Base, which supports the work of several provincial teams in the country’s western region.

The Spanish Armed Forces are providing the Afghan population and humanitarian aid entities with a safe environment, assisting action by the institutions of the Afghan Government, protecting reconstruction work, and helping to train the Afghan military and police.

We are currently in a process of transition (up to 2014) in which we are handing over responsibility for security, development and governance tasks to the Afghan Government. The Government of Afghanistan is beginning to have sound capabilities in the fields of security and administration, so justifying the setting in motion of the handover process.

After the Chicago Summit, the Atlantic Council adopted a directive to start a new post-2014 NATO mission, the International Training, Advisory and Assisting Mission (ITAAAM).

The decision to withdraw forces, and the broad timetable of this move, was therefore taken by
NATO and our allies. The participating countries have announced their intention to withdraw in accordance with the situation in each of their areas of responsibility. Spain has announced the following timetable: 10% during the second half of 2012, 40% during 2013, and the rest in late 2014. Withdrawal may be sped up if certain requirements are satisfied: mission accomplishment is assured, commitments to allied countries are honoured, and the safety of our troops is maintained.

Spain is willing to keep part of the present capabilities in Afghanistan, provided that they are suited to the new mission, and to continue to fulfil the undertaking given to the Afghani people. We intend to make good use of the experience amassed and investments made in the areas under Spanish responsibility during the mission. At present, the plan is for the contribution to the new mission to focus on Herat.

Our chosen national contribution to the ITAAM mission relates to training, advising and assisting the Afghan National Security Forces, ANSF, at large training centres, sharing support and protection with our allies and avoiding any scattering into small elements. The main contribution comprises military instructors and advisers, supplemented as appropriate with contributions of specific trainers, always based at Herat. The critical elements to be considered for this detachment will be the deployment of a sufficient protection force and the maintenance of health care support and evacuation resources. Spain will not undertake operations involving combat, drug enforcement or antiterrorist tasks.

The military detachment authorized to deploy in Kabul, Herat and Qala-i-Naw comprises close to 1,400 military troops and officers and 37 Civil Guards.
**EUCAP SAHEL NIGER**


This civilian mission forms part of the strategy for security and development in the Sahel, and has been undertaken in response to an express request from the Government of Niger to support Niger security entities in their fight against terrorism and organized crime.

The mission has an initial mandate of two years, and will involve close to 50 troops and officers of the European Union and 30 local personnel working from Niamey, Niger.

On 17 July 2012, the European Union Political and Security Committee (PSC/COPS) appointed a Spanish Brigadier General as the first head of mission for a one-year term.

**EUCAP NÉSTOR**

On 12 December 2011, the European Union Political and Security Committee (PSC or COPS) approved a mission for Regional Maritime Capacity Building (RMCP) in the Horn of Africa under the name EUCAP NESTOR.

Launched in July 2012, the mission involved personnel deployment as from September; initial operational capacity is expected to be achieved in early 2013. 28 troops and officers are currently deployed in Djibouti, of whom three are Spanish nationals (two military and one civilian).

Spain supports the creation of a genuine regional maritime capability in the area, and believes that the accomplishment of this mission may facilitate our forces’ gradual departure from the region.
Spain today
2013

Chapter VI
ECONOMIC POLICY

Wind power.

Photo: Institute for Energy Diversification and Savings (IDAE)
The starting point of the design of economic policy must be the identification and analysis of the magnitude of the difficulties faced by the Spanish economy. Prior to the present economic downturn – which has so far prevailed for more than four years – Spain enjoyed powerful growth. The growth of real gross domestic product (GDP) per capita from the mid-1990s to 2007 was higher than the European Union average by 0.5 points. It is indubitable that Spain’s membership of the Economic and Monetary Union and the adoption of the euro were significant growth drivers. However, the absence of cyclical synchrony with the core economies of the euro area and a monetary policy that was overly expansionary for Spain encouraged the emergence of imbalances.

During the years of economic growth and the early years of the downturn there arose major macroeconomic imbalances – a high public deficit, high private indebtedness spurred by negative real interest rates, high external debt and loss of competitiveness. A large portion of these imbalances is explained by the buoyant growth of credit in the years leading up to 2007, by the growth of mainly property-related investment, and by the rigidities of the labour market. The high rate of investment in the years leading up to 2008 explains the powerful increase in external indebtedness: in particular, the sharp rise in the weighting of housing investment alone explains half of the severe external imbalance.
created over the course of the years leading up to 2008. Alongside this, certain structural features of the Spanish labour market (its dual nature and the structure of wage bargaining), in conjunction with other factors, coupled with a shortfall of competition in some markets in goods and services, worsened this imbalance in the form of a trend toward a loss of outward competitiveness.

In the recessive economic context of the early stages of the crisis, a strongly expansionary fiscal policy was adopted, so as to increase public financing requirements rapidly, up to a maximum deficit of 11.2% in 2009. In the period 2000-2007 the growth of external debt was due to a need to finance the private sector; from 2009, the increase chiefly stemmed from the public sector.

Some of these imbalances have begun to be corrected; significant progress has been made in flow variables such as inflation, exports of goods and services, and the current account balance: in
In 2011, inflation followed a more moderate path, and ended the year at 2.4%.

In 2012, prices continued to follow a more moderate trend, especially in the first half, although they underwent a short-lived spike owing to isolated factors, such as indirect taxes and levies. The consumer price index ended 2012 at 2.9%, so confirming the trend toward a moderation of prices. However, consumer prices at constant tax rates, an index which eliminates the effects of these isolated factors, came to 0.9% in December.

The external sector in 2012 continued to perform strongly, as in previous years: external demand contributed to GDP growth with 2.5 percentage points, as against 2.3 percentage points in 2011; in 2012 a current account surplus was achieved as from the month of July – the first positive balance since August 1998 – and the non-energy trade balance also showed a positive balance. In 2012 as a whole, Spain registered a financing need of 2% of its GDP; it is expected that in 2013 its financing capacity will be 0.6% of GDP for the full year.

Despite these corrections, however, the financial and economic imbalances of the Spanish economy continue to be significant. It is necessary to address them promptly and decisively by adopting an ambitious and accurately designed economic policy.
THE SPANISH ECONOMY TODAY: DEVELOPMENT AND ECONOMIC STRUCTURE, BY SECTOR

The Spanish economy has amassed significant economic and financial imbalances. The diagnosis and analysis of these issues must be the starting point for the design of a self-consistent economic policy. The imbalances are chiefly located in three fields: financial imbalances, negative growth and severe job destruction. Each feeds upon the other, so creating a negative dynamics that must be reversed.

On one hand, the financial imbalances are highly significant. In 2011, the target having been fixed at 6%, the public deficit actually recorded was 9.4% of GDP. This created uncertainty as to the country’s ability to undertake budgetary consolidation and the future sustainability of its public debt. Over the past four years, public debt has grown at a worrying rate, having risen from 36.3% of GDP in 2007 to 84.1% by 2012.

In addition, although the process of private deleveraging of the Spanish economy is already underway, private indebtedness still stands at very high levels, mainly in relation to the property sector. These high levels of public and private indebtedness are largely dependent on external sources, as shown by the fact that external debt in July 2012 stood at 169.8% of GDP. The magnitude of the external indebtedness of the Spanish economy should nonetheless be viewed against the background of the fact that in net terms the total net international investment position of Spain lies at 90.6% of GDP.

Since 2008, the Spanish economy has displayed a very limited capacity for growth. A brief uptick was seen in 2010, but this fragile recovery had faded by mid-2011. In the second half of 2011, a new downturn began. By year-end, the final quarter had seen a 0.5% decline in production. The recession has continued into 2012, with GDP falling by 1.4%.
Finally, the Spanish economy has undergone a severe process of job destruction. Whereas unemployment in 2007 stood at 8%, by the final quarter of 2012 it had grown to 26%.

All these imbalances are interrelated. The high level of the public deficit raises public debt and undermines investor confidence; in turn, economic growth and employment in the short term are adversely affected.

However, over the past few years major adjustments have been made. For example, in 2012, the current account deficit of the economy stood at 0.8% of GDP, as against 10% in 2007. At the same time, major improvements are taking place in competitiveness, as shown by the recent performance of unit labour costs, which in 2012 declined by 3.4%.

The deleveraging of the private sector has also begun. In the third quarter of 2012, private indebtedness stood at 212% of GDP.

This necessary process of correction carries a range of costs, such as weak growth – 0.4% in 2011 – and a return to economic recession, with negative growth of -1.4% in 2012.

As in 2011, internal demand in 2012 continued to play a decisive role in the decline of GDP. In 2012, internal demand subtracted 3.9 points from year on year GDP growth, as against the 1.9 points subtracted in 2011. In 2012, the consumption expenditure of households and nonprofit institutions serving households recorded an average annual decrease of 2.1%, having declined 1% the preceding year. Final consumption expenditure of government, largely as a result of fiscal consolidation measures, had decreased by year-end by an annual average of 3.7%, after the 0.5% decrease of 2011. Throughout 2012, housing investment continued to adjust downward, with a year-end decrease of 8%, as compared to 6.7% the previous year. In line with the recessive behaviour of domestic demand and the slowdown of exports, investment in equipment likewise slowed down last year, showing a drop of 6.6%, as against 2.3% growth in 2010. Worsening economic prospects and tighter credit terms prompted Spanish enterprises to postpone their investment projects.

In 2012, the main driver of the Spanish economy continued to be the export sector, which contributed 2.5 points to the annual change in GDP as a result of a considerable advance (+3.1%) of exports of goods and services and a sharp decline (-5.0%) of imports; in 2011, exports had grown powerfully (+7.6%), while imports had dropped slightly (-0.9%). The performance of exports of goods and services in 2012 continued to display a great deal of strength, as in 2011. Growth in 2012 was similar to world growth in trade in goods and services (3.2% in 2012 and 5.8% in 2011), according to estimates published by the International Monetary Fund (IMF):
this suggests a gain in market share. Since 2009, nominal exports of goods and services have grown by 43%.

In 2012, the slowdown of Spain’s main export markets elicited the slowing of the growth of Spanish exports, which had already begun in the second half of 2011. Imports, on the other hand, shrank severely, reflecting the steep drop in internal demand and the slowing of Spanish export growth in 2012. The outcome of these trends is that, for the fifth year running, the export sector has contributed positively to growth, thus buffering the shrinkage of internal demand.

From the standpoint of supply, in 2012 all branches of activity, except agriculture, shrank in size. In 2012, the gross value added (GVA) of agriculture grew by 2.2%; GVA declined by 2.9% in industry, 8.1% in construction and 0.4% in services.

**AGRI-FOOD INDUSTRY**

The primary sector (agriculture, livestock farming, silviculture and fisheries) in Spain continues to be a strategic sector commanding high significance in terms of social repercussions, land use, the environment, and the economy. In 2012, the primary sector employed over 753,000 people\(^2\), and it is

one of the areas that has seen the least decline in number of jobs since 2008 (-8%).

It is to be noted that over half the land area of Spain is directly occupied by agriculture (33% of the land is under cultivation, while 16% consists of fields and pastures). The agri-food sector is one of the most important in the Spanish economy.

The Spanish agri-food industry is the country’s third-largest sector by business volume, and the largest by number of jobs (17.9% of all industrial employment in 2012).

The agri-food export sector almost invariably shows a positive trade balance.

In 2012, agri-food exports – which account for 33% of agri-food sector revenue and 15% of total Spanish exports – grew by 12%, showing a positive trade balance of €6.099 billion\(^3\).

**INDUSTRY SECTOR**

In 2012, industry shrank at broadly the same rate as overall GDP. More jobs were lost in the sector than across the economy in general. According to available National Accounts data, value added

in the sector in 2012 came to €163.331 billion, or 1% less than in the same period last year; industry employed 2.19 million people (5.1% less than in 2012).

As to the entrepreneurial structure of the industry sector by size of undertaking as defined by employee headcount, large businesses – 250 employees and above – accounted for 52.5% of all manufacturing undertakings in 2011. Medium-sized undertakings – 50 to 249 employees – represented 23.4% of sector, while small businesses having fewer than 50 employees accounted for 24.1%.

By activity groupings, the branches of activity contributing most to total revenue in 2011 were Food (18.3%), Motor Vehicles (11.4%) and Oil Industry (10.5%); the fields employing the largest numbers of people were Food (16.7% of the total) and Manufacture of Fabricated Metal Products (13.5%).

Annual revenue performance was uneven. Revenue grew the fastest in Oil Industry (39.2%), Food (9.0%) and Manufacture of Chemicals and Chemical Products (8.9%). The industries suffering the sharpest revenue decreases, on the other hand, were Transport Equipment Other Than Motor Vehicles (-12.6%) and Electrical and Optical Equipment (-11.6%).

In 2011, a standout was that the business volume of the high tech manufacturing industries, which employ 5.1% of all manufacturing workers in Spain, faded by 8%, while the mid to high technology, mid to low technology and low technology manufacturing industries improved revenues by 3.6%, 9.7% and 4.1%, respectively.

SERVICES SECTOR

In 2012, Gross Value Added in the services sector totalled €687.336 billion, representing 65% of GDP, having declined by 0.1% year on year.

In 2012, this sector employed an average of 12.9 million people.

By subsector, Trade, Transportation, Accommodation and Food Service represented 35.8% of the services sector and employed 4.74 million people. The next largest subsector is Public Administration, Healthcare and Education, which accounted for 24.8% of the services sector and employed 3.6 million people.

In 2012, notable growth was seen in the subsectors Information and Communications, which rose 1.1%, and Real Estate Activities, which grew 1.8%; by contrast, a drop of 1.2 percent was seen in Trade.

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4 Data supplied by the 2011 Industrial Survey of Businesses, published in December 2012.

5 Latest available data.

6 Quarterly National Accounts Data.

7 Ibidem.
Transportation, Accommodation and Food Service, and a 0.7% decline occurred in Professional Activities and Arts, Entertainment, Recreation and Other Service Activities.

CONSTRUCTION SECTOR

Business in the construction sector continued to shrink severely, with significant job destruction. In 2011, housing investment decreased to 6.9% of GDP, while construction employment dropped to 8%. In 2012, housing investment represented 5.6% of GDP, having shown a decline of 8%; construction investment came to 11.7%. The latest data suggest that employment in the construction sector accounts for 6.8% of total jobs. This means that the sector has seen a considerable correction since 2007, in which housing investment reached 12.2% of GDP (with construction as a whole accounting for 22.2%), and construction jobs represented 13.9% of all employment. Since 2008, the number of construction jobs has more than halved, decreasing from 2.5 million to under 1.12 million by the end of 2012.

The decline in 2011 was gentler than in 2010, but steepened in the last quarter, with a quarter-to-quarter drop of -2.3%. The correction process continued into 2012: Gross Value Added in the sector decreased by 11.5% due to declining housing investment and a reduction in public expenditure on construction.

The latest published data indicate that, close to 86,000 houses having been begun in 2011\(^8\), that year marked the lowest point since the beginning of the market downturn in 2007; it was also the first year in which the stock of unsold new homes began to decrease (by approximately 55,000, to 700,000 units).

\(^8\) Housing Market Indicators. Bank of Spain data.
ENERGY SECTOR

In 2011 primary energy production in Spain came to 30,929 kilotonnes of oil equivalent, 9.9% down year on year, according to the latest available data. By energy source, the bulk of primary energy production in 2011 came from nuclear generation, which accounted for 47.32% of total output, followed by renewable energies (not including hydropower), which represented 35.61% of the total, hydropower (8.28%) and coal (8.33%). Oil and gas production, accounting for just 0.46% of national energy output, remains at very low levels with respect to consumption.

Final energy intensity (final energy/GDP) decreased in 2011 to 3.6%, thus resuming the trends toward improvement seen since 2005, after a 1.7% upward blip in 2010.

In 2011, energy dependency, calculated in accordance with the Eurostat methodology, stood at 76.1%. This was a considerable improvement since 2006, when energy dependency was 81.8%.

In recent years the decline in the internal demand and, since 2011, the decline in the supply have driven the proportion of energy self supply to 24.6%.

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AN ECONOMIC POLICY MODEL BASED ON MACROECONOMIC STABILITY AND GROWING PRODUCTIVITY

Turning around a downturn as severe as the one presently faced calls for adopting a comprehensive, self-consistent and ambitious economic policy strategy. Some of the imbalances may be rectified over the medium-term, such as the public deficit; others, such as public debt, external debt and unemployment, will require a more protracted period to be set right.

Every measure so far adopted by the Government, and those being planned, are ultimately intended to encourage balance in the economy and an efficient allocation of factors. All policy steps, though
targeting individual problems, are designed with a view to the overarching goal, so rendering them consistent with one another and integrating them within an ordered strategy.

The leading priority of economic policy is fiscal consolidation. The measures taken in this field reflect Spain’s firm commitment to reduce its deficit and establish budgetary stability; they accordingly go beyond deficit control by introducing institutional enhancements and fiscal rules.

Structural reforms – which affect the functioning of the markets in factors, goods and services – must support a recovery of lost productivity and endow the economy with a more efficient and flexible structure, thus restoring a healthy dynamic to economic activity and encouraging growth and job creation.

**FISCAL CONSOLIDATION**

Fiscal institutions have undergone far-reaching reform. The new Budgetary Stability and Financial Sustainability Act of 2012 (Ley Orgánica 2/2012) brings about a substantial improvement in prevailing fiscal governance standards. The new statute places all public authorities under a duty to abide by deficit and debt targets. Structural balance must be preserved, and debt is capped at 60% for all government bodies combined. In addition, this new law implements the expenditure rules of EU legislation, whereby variations in public spending may not exceed the benchmark of medium-term GDP growth for the Spanish economy. This parliamentary act, in addition to setting rules and targets, considerably reinforces transparency and establishes a procedure for monitoring budgetary design and implementation at all administrative levels, so as to introduce mechanisms capable of swiftly rectifying deviations. Ultimately, in the event of breach, or of corrective measures, regional and local public authorities may be placed under Central Government administration and have corrective measures forcibly imposed upon them.

In alignment with the Budgetary Stability and Financial Sustainability Act, the containment of public expenditure will also be supported by the measures under the Transparency Act, which is designed, first, to supply the public with the highest possible standard of disclosure, and, secondly, to establish a good governance code that sets out – while carrying statutory authority – ethical principles of action that, if unmet, trigger appropriate penalties.

Moreover, two mechanisms have been implemented to reinforce regional and local authorities’ strict compliance with stability targets. The Supplier Payments Mechanism (Mecanismo de Pago a Proveedores), implemented through the creation of a Supplier Payments Financing Fund, enables local and regional authorities to pay down 100% of trade debts acquired up until 2011. This financing has involved an injection of liquidity into the productive
economy of up to €35 billion, and will directly benefit 177,000 suppliers. This financing mechanism, which provides public authorities with sustainable financing over a reasonable period to pay off their trade payables in arrears, is underpinned by a strict form of conditionality that assures compliance with budgetary stability targets.

The Regional Liquidity Fund (Fondo de Liquidación Autonómica, FLA) adopted under Royal Decree-Law 21/2012 of 13 July 2012 concerning measures for liquidity for public authorities and in the financial ambit, will provide Autonomous Communities subscribing to the scheme with the liquidity they require. Funds received under this scheme must be used to pay down the Autonomous Communities’ public debt – principal and interest – as it falls due, and to cover public deficit financing requirements arising from payments to suppliers, priority being given to essential public services. The setting in motion of this Fund places the Autonomous Communities under strict transparency requirements; they come under a duty regularly to report on their economic, financial, budgetary, cash and indebtedness situation.

Finally, several of the measures adopted by the Central Government significantly affect the Autonomous Communities, and will support the rationalization and financial sustainability of expenditure on essential public services. These measures generally pass on part of the cost of public services to their users. The reforms chiefly concern healthcare and education.

**STRUCTURAL REFORMS**

In alignment with the fiscal consolidation measures, in 2012 an ambitious programme was begun of structural reforms designed to encourage economic growth and job creation.

The key difficulty fettering the growth of the Spanish economy is the credit squeeze. Against a background of high leverage, it is to be expected that credit should become tighter; however, an indiscriminate squeeze unreasonably damages the economic fabric. In recent years, credit in Spain has become significantly restricted. From late 2008 to the end of 2011, credit declined by 5%. As at October 2012, financing for households and business undertakings had decreased 3.9% year on year. As components of this change, through to October 2012 credit extended to business undertakings decreased by 4.2%, while credit to households declined by 3.5%. The key obstacle constraining credit is the exposure of the finance industry to property development borrowings. Real estate linked to development borrowings across the entire Spanish financial system came to €323 billion as at 30 June 2011, of which €175 billion was
classifiable as being under question. The financial reform process has followed a roadmap, starting in February 2012, that consists of three phases:

1. Support for remediation of the finance sector: This involves a write-down of real estate assets in the form of €54 billion of provisions, strengthening of the industry through incentives to consolidation and mergers, and ceilings on remuneration and indemnification for executives at publicly supported banks.

2. Reinforcement of the strength of the finance sector: Provisions are reinforced (€28 billion) for non-problem real estate assets, and a duty is established of setting in motion vehicles for real estate management.

3. Completion of the process of restructuring and resolving credit institutions through:
   a. Independent appraisal of the finance sector.
   b. Agreement for the setting in motion of a mechanism for bank financing (up to €100 billion) by means of the signing on 23 July 2012 of a Memorandum of Understanding between the European Commission and Spain on Financial Sector Policy Conditions.
   c. Formation of an asset management company to isolate financial institutions’ toxic assets.
   d. Additional reduction of executive remuneration and indemnifications (capped at €500,000).

One of the standouts in completing the restructuring process was the formation of the asset management company known as “Sareb”. This corporation will ringfence the assets on the balance sheets of entities requiring public support, so substantially reducing uncertainty as to the viability of those institutions, facilitating centralized management of problem assets, and opening the way to divestment and planned management over a period of fifteen years. Sareb will optimize value recovery levels, minimize any distortions in the markets that may arise from its operations, use capital efficiently, and operate as a profitable company aiming to minimize use of public funds and lower the cost for the taxpayer.

In addition, before the end of 2012 there began the process of recapitalization and setting in motion of plans for institution restructuring and resolution:

• Group 1 (nationalized institutions): The European Commission adopted their respective plans in November 2012.
• Group 2 (institutions requiring public support to recapitalize): the plans were adopted in late December 2012.
• Group 3 (institutions able to recapitalize unaided): must raise the necessary capital before 30 June 2013.
Eurogroup meeting.

The amount finally requested within the financial support programme was €39.4 billion.

Another rigidity that stood in the way of buffering the unemployment created by the economic crisis was the set of dysfunctions in the labour market. Rapid job destruction and rising joblessness throughout the downturn have thrown into relief the structural weaknesses of the labour market. The reform enacted in this field introduces a major change to the institutions of the job market so as to bring the long-term unemployment rate closer to that of our economic peers. The measures adopted improve collective bargaining and enable businesses to become more flexible internally, by providing alternatives to job destruction as a mechanism to adjust to declining demand, and by encouraging labour market efficiency through a reduction in duality, reinforcement of permanent hirings and other forms of work, and support for worker employability.
In addition, the Government is working on a range of measures in support of the objectives set out above:

- **Correction of imbalances in the energy sector.** As an input to the economic process, energy affects industrial costs, the consumer price index and household budgets. Steps will be taken to remove the power tariff shortfall resulting from past energy policy priorities as from January 2013, and to achieve full amortization of the accumulated shortfall.

- **Assurance of market unity**, with the aim of correcting over-proliferation and disparity of rules at the various administrative levels, so ensuring the free movement of goods, services and investments throughout national territory. The ultimate aim is to achieve improved efficiency and competitiveness.

- **Support for trade activity**, by facilitating the establishment of small and medium-sized enterprises through the removal of a range of local licensing requirements. This will stimulate competition and bring about the associated effects on costs, prices and competitiveness. Measures adopted include Royal Decree-Law 19/2012 of 25 May 2012, concerning urgent measures to liberalize trade and certain services, which replaces local licences and prior authorizations with undertakings of liability and ex post control; and Royal Decree-Law 20/2012 of 13 July 2012, concerning measures to assure budgetary stability and encourage competitiveness, which comprises rules intended to reinforce competition in retail distribution so as to increase the competitiveness of the Spanish export sector and facilitate access to financing for business internationalization.

- **Reform of regulatory and competition bodies** to improve the effectiveness and efficiency of the oversight and promotion of the proper functioning, transparency and open competition of markets and industries for the benefit of the market as a whole and consumers and users.

- **Support for entrepreneurs** through a regulatory framework specifically directed to the two stages during which an incipient business needs the most support: startup and initial development. The “entrepreneurs’ law” will introduce a range of measures to simplify and encourage the creation of new businesses, while supporting innovation, improved competitiveness and internationalization.

- The **rental market** will be reformed to widen the number of residential units under lease, to facilitate access by young people and further encourage the correction of unsold housing stock.
TRADE SECTOR
FOREIGN TRADE

Over 2012 as a whole, exports performed very strongly, with a 3.8% increase year on year, so reaching a value of €222.6439 billion. This entrenches and builds upon the export increase seen in 2011 with respect to 2010 (+15.2%). Imports in 2012 decreased 2.8% year on year, reaching a value of €253.4012 billion, as against 9.6% growth in 2011. Given that exports have increased faster than imports, the export sector has acquired a significant role by dint of its positive contribution to GDP growth in the past few years – 1.5 percentage points in 2008, 2.9 points in 2009, 0.3 points in 2010, 2.3 points in 2011. In 2012, the contribution was 2.5 points, thus buffering the decline in internal demand.

The slower growth of imports as compared to exports – since the historic drop of 27.3% in 2009 – has enabled the export sector to make a positive contribution to GDP growth and to improve the coverage of our imports from 66.8% in 2008 to 87.9% in 2012. Given the effect that the energy bill has on the trade balance, this figure is significant, since Spain is not a producer of hydrocarbons. By region, in 2012 the standout figures were the growth of exports to Australasia (37.6%), Africa (30.6%), Latin America (14.9%), Asia other than the Middle East (14.3%), North America (13.5%), Middle East (7.3%), and non-EU Europe (6.7%).

In 2012, there were 136,973 exporting businesses, 11.4% up on 2011. The weaknesses of Spain’s export base continue to be unevenness and market concentration. As to regularity, only 28.0% of enterprises are regular exporters (as defined
by transacting exports for a given number of consecutive years); widening the time window, in the period 2007-2012, regular exporting undertakings decreased by 784, a drop of 2.0%. However, the considerable growth of exporting companies, particularly from 2009 onwards, is to be noted, since an undertaking qualifies as a “regular exporter” only after four consecutive years of transacting exports. By destination, 70.6% of exports were bound for Europe (62.8% European Union), 8.5% for Asia (2.8% for the Middle East), 6.8% for Africa, 6.2% for Latin America, and 4.6% for North America.

In 2012 as a whole, our leading export industry was capital goods, accounting for 19.6% of total volume, followed by food (15.3%) and chemical products (14.1%). The standout in this period was the growth of exports in the food sector, followed by consumer manufacturing and chemicals, and the category “other goods”. By specific items, highlights included exports of organic chemical products (+35.8%), rail transport (+21.1%), fertilizers (+20.5%) and beverages (+16.8%). As to imports, the standouts in 2012 were the growth in the value of oil imports (+10.7%), gas (+12.4%) and coal (+10.3%) and the decrease in imports of capital goods (-9.3%), non-chemical semi manufactures (-11.9%), durable consumer goods (furniture, electricals, consumer electronics, etc., -13.7%) and automobiles (-13.9%).

**OUTWARD INVESTMENT**

According to the statistics published by the Bank of Spain on the Balance of Payments, financial account, provisional data, setting out investment
flows in net values, Foreign Direct Investment came to €11.024 billion in 2012 – 48% lower than in 2011. According to 2012 data drawn from the Register of Investments of the State of Secretariat of Trade of the Ministry of Economy and Competitiveness, which sets out the main component of direct investment flows, i.e., investments in any form of capital shareholdings, such investments decreased to €18.403 billion, 38.1% less than in 2011, while in net terms the decrease came to 109.5%, with a negative net investment for the first time in the series of €-2.448 billion, owing to an unprecedented transfer overseas of non-productive investments (ETVEs, foreign securities holding companies). Divestments accordingly reached €20.851 billion, 412% more than in 2011.

Productive investments not held by foreign securities holding companies (ETVEs) came to 73.1% of the total. Gross flows to listed companies were very low (€83 million), and liquidations exceeded incoming investment, making for a negative net investment figure (€-435 million). Gross investment in unlisted companies came to €13.377 billion, while net investment was €10.037 billion – 42.5% lower than in the previous year. ETVE investment, of a fiscal financial nature and having little bearing from the standpoint of business volume and employment, shrank by 19.1% in gross terms; the net component witnessed a major decline of €-12.050 billion.

Going back to the Balance of Payments data prepared by the Bank of Spain for 2012, direct investment by Spain overseas produced the unprecedented negative figure of €-2.672 billion,
whereas in 2011 Spanish investments had recorded a figure of €26.8 billion. The balance of inflows and outflows was €13.696 billion, which normally carries a negative sign, and in this case indicates that this component of the financial account increases Spain’s debtor position with respect to the rest of the world.

According to data drawn from the Register of Investments, total Spanish investment in equity instruments of foreign businesses came to €14.282 billion gross and €-13.765 billion net, with negative rates of -59.7% and -204.2%, respectively, with respect to 2011 figures. Productive (non-ETVE) investments represented 77% of total investment, and showed a decrease of -62.5% year on year. Within this category, investments in unlisted companies decreased 47.7%, and showed a positive net investment of €2.101 billion. Divestment rose to €28.46 million. These historically unprecedented negative figures are due to weak gross investment, high divestments and, above all, as in the case of foreign investment, to a powerful outflow of (non-productive) ETVE investment, which affects both inflows and outflows.

### Reciprocal Investment Promotion and Protection Agreements

Reciprocal Investment Promotion and Protection Agreements are reciprocal bilateral treaties containing measures and clauses designed to protect, within the arena of international law, investments made by investors of each signatory

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<th>2010</th>
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<th>2012</th>
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<td>Gross inv</td>
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<td>INVESTMENT ex ETVEs</td>
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<td>ETVE INVESTMENT</td>
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(Millions of euros)

*Not including transfers among residents or group restructurings.

Source: Register of Foreign Investments.
state in the territory of the other signatory state.

Their purpose is to provide a stable and investment-friendly environment that abates the factors of political and legal uncertainty that sometimes affect the development of investment projects undertaken by companies overseas.

Today, Spain has reciprocal investment promotion and protection agreements in place with the following 72 countries: Albania, Algeria, Argentina, Armenia, Azerbaijan, Belarus, Bolivia, Bosnia-Herzegovina, Bulgaria, Colombia, South Korea, Costa Rica, Croatia, Cuba, Czech Republic, Chile, China, Ecuador, Egypt, El Salvador, Slovakia, Slovenia, Estonia, Philippines, Gabon, Georgia, Guatemala, Equatorial Guinea, Honduras, Hungary, India, Indonesia, Iran, Jamaica, Jordan, Kazakhstan, Kyrgyzstan, Kuwait, Latvia, Lebanon, Libya, Lithuania, Macedonia, Malaysia, Morocco, Mexico, Moldova, Montenegro, Namibia, Nicaragua, Nigeria, Pakistan, Panama, Paraguay, Peru, Poland, Dominican Republic, Romania, Russia, Serbia, Syria, South Africa, Tajikistan, Trinidad and Tobago, Tunisia, Turkmenistan, Turkey, Ukraine, Uruguay, Uzbekistan, Venezuela and Vietnam. Although the agreement with Bolivia has been repudiated by the Bolivian government, it remains in force, and investments made before 9 July 2012 continue to be protected by the survival clause stipulating 10 additional years of effect after that date.

In addition to these agreements, Spain has completed negotiating processes with a further 16 countries, and the drafting of the agreements is now at various stages of processing.

Following the entry into force of the Treaty of Lisbon on 1 December 2009, Spain cancelled all unfinished negotiations then in progress. That treaty establishes the exclusive competence of the European Union as to direct investment as a part of common trade policy; since that time, the European Union has the duty to negotiate for and protect the direct foreign investment of the Member States.

This new scenario creates consequences for existing investment protection agreements – both those still in force, which must continue to provide legal certainty and shelter, and those which, although completely negotiated, have not yet entered into force and remain at various stages of development (pending signature, pending entry into force, or pending legislative ratification).

DEVELOPMENT AND PRESENT STATE OF TRADE IN SPAIN

In 2011 – the latest year for which data are available – Gross Value Added (GVA) for the trade sector represented 12.1% of the total for the Spanish economy. This entails an increase with respect to
2000, when the trade sector represented 11.1%, mainly due to the moderate growth of other sectors such as industry and the primary sector. According to the latest available figures, retail accounted for 43.6% of that GVA, while wholesale trade accounted for 43.3% and vehicle trade represented 13.1%.

Retail sales have diminished over the past few years. The Retail Trade General Index at constant prices has declined 17% from 2003 (the year from which data series are available) to 2012. Upon analysis of this period, it is observed that the index grew up until 2007, and fell 5 years running from 2008 onwards. Hence retail sales in 2012 were 23.5% lower than in 2007 (the high point of the series).

As to the number of establishments, the change in recent years shows an upward trend, with an increase from 913,256 in 2000 to 937,266 in 2012. This rise is due to the increase in the number of wholesale premises; over the period, retail premises decreased slightly from 617,305 in 2000 to 600,595 by 2012. Retail trade witnessed a decline of 0.9% in total number of premises from 2011 to 2012; in 2012, therefore, there are 5,536 fewer retail premises than in 2011.

The number of business undertakings over the period increased by 604,225. However, the trade sector saw a downward change: a loss of 17,263 undertakings since 2000.

As to jobs in this sector, retail employment increased by 12.4% from 2000 to 2012, rising from 2,512,000 in 2000 to 2,820,200 in 2012 (+308,200 jobs). In retail, jobs rose 18.1% from 2000 to 2012, increasing from 1,559,000 to 1,841,000 (+282,000). The increase of jobs in retail in the period 2000-2012 reflects rises in the majority of Autonomous Communities.

Across the economy as a whole, unemployment in the fourth quarter of 2012 rose by one point to 26.02% (25.02% in the previous quarter); more specifically, in the trade sector, unemployment declined by 0.51 points to 11.18% (11.69% in the third quarter of 2012).

- Retail trade: the unemployment rate in retail trade rose 0.6 points to 11.2%.

10 Labour Force Survey (Spanish “EPA”), fourth quarter of 2012.

<table>
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<tr>
<th>Year</th>
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Source: National Statistical Institute (Spanish INE).
• Wholesale trade: the unemployment rate wholesale trade decreased from 16.5% to 12.2%.

• Vehicle trade: the unemployment rate in vehicle trade rose 0.8 points from 7.9% to 8.7%.

Female employment in 2000 accounted for 44.2% of total trade and 57.6% of retail trade. By 2011, these percentages had increased to 49.3% and 60.7%, respectively.

According to the annual survey conducted by the National Statistical Institute (INE) on Use of Information and Communication Technologies and Electronic Commerce at Undertakings, the percentage of trading firms using computers is high, standing at 99.4% in January 2012. The percentage of undertakings having an Internet connection and website has evolved positively since 2011, and now stands at 68.4% of trading enterprises.

According to the results of the survey conducted by the National Statistical Institute on Innovation in Enterprises, the proportion of trading firms involved in innovative activities to total enterprises has decreased over the past three years, standing at 10.66% of total enterprises in 2010.

As to the prospects of the trading sector, it is expected that the future development of the domestic economy will affect it more moderately, because this sector as a whole has borne the

<table>
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<tr>
<th>Year</th>
<th>Economy overall</th>
<th>Total trade</th>
<th>Vehicles</th>
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<table>
<thead>
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economic downturn of the past two years somewhat better than other sectors.

Moderate growth is expected of the use of new technologies in the trading sector alongside technological evolution and growing social demand.

By way of conclusion, it should be noted that the weight of trade in the Spanish economy has increased over the past decade, owing not so much to any significant advance of the sector itself but to the shrinkage of other sectors.

INFRASTRUCTURE, TRANSPORT AND HOUSING

PLANNING

Within the framework of the overall lines of economic policy set by the Government and in accordance with the principles of rigorous and efficient public expenditure, the governmental programme as to infrastructure, transport and housing is intended to achieve the following objectives:

• To place infrastructure, transport and the housing sector at the service of economic growth and job creation.

• To secure territorial cohesion and balance among all national territories.

• To improve efficiency in the planning and management of infrastructure and transport.

• To support quality in all services provided by public institutions to citizens.

• To enhance citizens’ rights as users of transport services.

The 2012-2024 Infrastructure, Transport and Housing Plan (PITVI)

The Ministry of Public Works is working towards laying down a new model for the planning of transport, infrastructure and housing, so as to achieve the viability and sustainability of all actions undertaken in these fields.

A new Infrastructure, Transport and Housing Plan (PITVI) for 2012-2024 has accordingly been set in motion. Based on an appraisal of the present situation and a rigorous assessment of social needs, the Plan will establish priorities and programmes of action with a view to the 2024 horizon, for which purpose it will be supported by the necessary and appropriate measure of investment.

Underpinned by a detailed diagnosis of the present state of development of our infrastructure and transport services (supply and demand), the PITVI establishes the basic principles underlying the
definition of its respective programmes of action. Highlights include:

- Integrated planning approach embracing the entire transport value chain, from infrastructure implementation and management through to transport services. Planning is articulated under a structure that covers the levels of regulation and oversight, management and services, and investment actions.

- Increasing liberalization and opening up to competition in all sectors and segments of infrastructure management and transport service operation, thus helping restore the competitiveness of the Spanish economy.

- Reinforced participation of the private sector in the implementation of the plan to mobilize additional financial resources and contribute fresh management capabilities.

- Optimization of the performance of operators of infrastructure and transport services, whether public or private, using available capabilities and legacy assets.

- Reinforced assessment of projects and investments through the introduction of cost-benefit analysis mechanisms and more detailed economic and financial viability forecasts.

- Full integration of Spanish transport networks within the framework of Trans-European Networks. Infrastructure and transport actions are specifically geared towards putting intermodality into practice and achieving more efficient functioning of the transport chain so as to support the utmost quality and efficiency when satisfying the mobility and transport needs of Spanish citizens and businesses.

PITVI provides a stable framework for the financing of infrastructure and transport services, which in coming years will achieve a level analogous to that of benchmark countries in Western Europe and the...
OECD (Organization for Economic Cooperation and Development). Conventional budgetary financing based on fiscal resources, though it remains fundamental, must accordingly be supplemented by other potential sources. The use of balanced and viable public/private cooperation mechanisms through attractive formulas for the private sector offers a diversity of opportunities that must be grasped.

RAIL
Spain’s active railway network comprises over 15,150 km of track.
Its bid to implement high-speed rail (AVE) has made Spain the country with the most kilometres of high-speed railway track in Europe and the world, behind only China. Of the total network, 2,120 km of track are newly built high-speed lines (UIC gauge, supporting speeds in excess of 250 km per hour), while a further 810 km of track have been specially adapted to high-speed use. The rest of the network consists of conventional track.
Today, RENFE-Operadora is the only provider of long-haul services; some regional operators provide service over medium and short distances.
In 2011, 29 million passengers used conventional and high-speed long-distance services. In that year, almost 27 million passengers used medium haul services (not including services provided by the Autonomous Communities). As to short haul, the number of passengers has remained stable over the past decade – above 400 million – with the main urban and metropolitan areas playing a key role.
The Ministry of Public Works’ objective is that the railways should become firmly established as an efficient and economically sustainable system, while remaining the preferred means of transport for large volumes of passengers and operating as the necessary means for the implementation of intermodal transport.
In the conventional network, planned expenditure is associated with infrastructure modernization through line improvement, removal of level crossings and actions regarding entry points to ports and goods facilities. Goods transport by rail will be reinforced by improving efficiency and competitiveness and integrating the railways with the logistic chain.
In addition, to achieve interoperability of the Spanish network with the rest of European networks, the entire network will be gradually adapted to the UIC gauge. Highlights in this regard include the commissioning in September 2012 of the new UIC-gauge provisional entry point to the Port of Barcelona and the work being done to implement the UIC gauge in the Mediterranean Corridor (Castellbisbal-Murcia/Cartagena).
Targets for 2013 in this field include the commissioning
of the high-speed link between Barcelona and the French border and completion of the work required for high-speed rail to reach Alicante.

As regards short-haul lines, the Ministry of Public Works is preparing an Overall Short-Haul Plan based on an assessment of service demands and needs; expenditure efforts will at first focus, however, on raising service quality in densely populated, high-use areas.

One of the strategic actions to be addressed in 2013 is the reform of the railway sector. The first step was Royal Decree-Law 22/2012 of 20 July 2012 adopting measures concerning infrastructure and railway services, with the aim of making the railway system efficient, economically sustainable and high quality.

The main objectives of the reform are:
• Increasing the number of railway operators.
- Optimizing infrastructure by extracting the best possible performance and avoiding the high cost of under use.
- Rationalizing the supply of railway services in line with the present reality of our country.
- Improving citizens’ access to high-speed services, e.g., by lowering prices, in line with the trend of other means of transport.
- Increasing the volume of goods transported by rail; the key factor here is to combine railways with the logistic chain, improve connections with ports, and operate 750 m long trains.

The reform will entail the liberalization of the market for passenger transport by rail as from 31 July 2013, for both the high-speed and the conventional networks.

Far from posing a risk, liberalization is a source of opportunities and a safeguard for preserving jobs; it also provides an opportunity to improve efficiency and introduce more and higher-quality services at more competitive prices.

ROADS
Throughout 2013, action will be taken on the 25,860 km of the national road network now in operation in four key areas: the high-capacity network, the conventional road network, urban environment actions, and road conservation, maintenance and safety.

The Ministry of Public Works has accorded priority to actions designed to complete high-capacity itineraries and make progress in the densification of the network mesh. This will add 75 new kilometres of road to the national network, connected to the latest stretches brought into operation – highlights include various sections in the roads of Aragón, and the dual carriageways A-40 in Castilla la Mancha, A-4 (Despeñaperros), A-32, and extensions of the A-33 in Murcia and the A-12 del Camino, in La Rioja, and the capacity expansions of the AP-7 (Girona), among other roads.

As to new construction work, priority continues to be given to the implementation of the sections still pending completion of the A-8 dual carriageway, where it runs through Cantabria, Principado de Asturias and Galicia, the A-7 dual carriageway, in Granada province, and the new bridge at Cádiz. As to the conventional network, highlights include various adaptations and bypasses, such as those associated with the N-I, in the province of Burgos.

AIRPORTS AND AIR TRANSPORT
The network managed by Aena comprises 47 airports and two heliports, which in 2011 handled traffic totalling 204.3 million passengers.

Significant structures have been brought into operation in 2012, such as the second runway
of Málaga airport, which, together with the new terminal, doubles the capacity of an airport that displays high growth potential for the coming years.

Aena has drawn up a Strategic Plan for the period 2012-2016 to focus all efforts on raising value and making the company a world-class economically viable business that contributes to the development of air transport in Spain, interterritorial connectivity and economic growth.

The Strategic Plan will be implemented through the respective business plan of each airport, with an emphasis on maximizing cost efficiency and optimizing activity.

A key milestone has been the completion of work in support of the agreement to create the Spanish/Portuguese Functional Airspace Block within the framework of the Single European Sky, which is designed to integrate air navigation systems across the European Union, with the aim of raising the operational capacity of airspace, lowering control costs and enhancing air transport safety.

As regards air transport public service duties, to assure the connectivity of certain island routes, on 1 November 2012 service provision began on the routes La Gomera-Tenerife Norte, La Gomera-Gran Canaria, El Hierro-Gran Canaria and Tenerife Sur-Gran Canaria, by the company Naysa S.A., which won the contract awarded through a call for tenders. In addition, service will be guaranteed on the Minorca-Madrid route, a connection that was interrupted when the company Spanair closed down. This route will also be subject to public service duties.
MARITIME SEARCH AND RESCUE

Maritime search and rescue activities in 2012 involved:

- 4,800 actions, making for an average of 15 emergencies a day.
- 11,000 people were given assistance, of whom 3,150 were evacuated and/or rescued.
- 184 small boats assisted.
- 3,297 vessels assisted.
- Traffic control for over 280,000 vessels.
- 400 marine pollution incidents.
- Extraction of fuel from the Woodford (sunk in the Spanish Civil War), so removing an ongoing source of pollution.

All these actions were taken in support of the organization’s strategic objectives, which are to:

- Optimize management of the maritime and air fleets.
- Increase quality and operational safety in the course of service provision. With these aims in mind, work is being undertaken for the National Coordination Centre to become operational in 2013 and to reinforce its capacity with real-time reception of data from peripheral centres distributed along the Spanish coastline. In addition, technological improvements and innovations continue to be introduced to assure the maximum possible availability of the equipment.
- Enhance safety at sea by implementing measures to improve maritime traffic monitoring. In addition, response capability has been reinforced in underwater actions by commissioning a saturation diving complex and raising security in high vulnerability areas. Tools are also being developed for maritime safety dissemination and training aimed at the most vulnerable sectors, such as fisheries and recreational uses.
- Further develop the Jovellanos Integrated Maritime Training Centre. At the Jovellanos Integrated Maritime Training Centre, work continues to be done to address new educational areas; therefore, in 2012 a contract has been concluded for the supply of a new communications simulator from the operator of the global maritime distress and safety system. In addition, cooperation agreements are being negotiated with the maritime authorities of other countries to support the internationalization of this Centre’s training activities.

PORTS

The system of state-owned ports comprises 28 port authorities that manage a total of 53 port facilities, under the coordination of the body known as Puertos del Estado (State Ports).

Data as at 30 November 2012.
In 2012, port traffic grew almost 4% to 475 million tonnes due to an increase in Spanish exports carried by sea (a 23.01% rise with respect to 2011) and higher maritime transit traffic: this clearly indicates the increasing role of our ports in the logistic organization of world trade, and of Spain as an international logistic platform.

Total traffic of 485 million tonnes is expected in 2013, representing a 2.23% rise year on year.

Port infrastructure actions completed in 2012 included the new facilities at Punta Langostera (Port of A Coruña), the restoration of the Prat docks, the enlargement of the South docks in the Port of Barcelona, and the construction of protective structures for the enlargement of the Port of Valencia.
HOUSING

Housing policies are also key to the future of social and territorial cohesion, economic competitiveness, quality of life and sustainability. The Government has accordingly worked towards establishing a new policy on land use, housing and building that, through appropriate legislative reforms, adapts to a reality that from the economic and social standpoint alike demands a more realistic, comprehensive and sustainable model, from the threefold perspectives of economy, society and environment.

The Ministry of Public Works has designed a housing and land use policy to be implemented within the framework of the PITVI 2012-2024 Plan. The main objective is to provide a regulatory framework that supports environmental sustainability, economic competitiveness and quality of life in urban spaces, the key goals being:

• Encouraging urban regeneration and restoration by removing existing barriers and creating specific mechanisms to make this possible.

• Supporting quality and sustainability in building and land use alike by reinforcing existing national legislation with elements already present in the ambit of the European Union.

• Boosting the rental market in Spain by providing improved legal certainty to all parties involved and creating specific stimulus measures.

• Providing a suitable regulatory framework to allow for the restructuring and recovery of the construction industry through new areas of action, specifically, in the field of restoration.

This challenge and its associated objectives are to be addressed by the following lines of action:

1. Reform of the traditional Spanish town planning model. This action is crucial. The real estate sector must be restructured, and that action must be implemented through restoration and regeneration of existing city environments, i.e., action upon land that has already been transformed or is capable of being so in the short and medium term. A draft bill has been prepared with a view to achieving this objective.

2. The figures are eloquent: over 58% of our buildings were built before 1980; of the almost 26 million existing dwellings, half are more than 30 years old, and close to 6 million are over 50 years old. What is more, the real significance of the restoration industry in Spain is far below the European average.

3. The achievement of a real, sufficient and adequate offering of rented housing. The Spanish real estate market continues to exhibit a high rate of home ownership as compared to the European average. The rate stands at 83% of all main dwellings. The rental market is so weak that it barely accounts for 17% of main dwellings.
These figures place Spain as the country having the highest index of dwellings per person, and one of the countries with the lowest number of people living in rented dwellings.

The Rental Housing Bill is the instrument serving this purpose to create a real, sufficient and adequate offering of rental dwellings.

A National Plan in Support of Rental Housing and Urban Restoration, Regeneration and Renewal, 2013-2016. This plan, in line with the two points set out above, is designed to address present difficulties by granting assistance for purposes qualifying as high priority and requiring immediate attention, and encouraging the private sector so that, having regard to sustainability and competitiveness, it can revive the construction industry through urban restoration, regeneration and renewal, and contribute to creating a wider rental market than the one now existing.

INTERNATIONALIZATION

In the field of development policy, a standout is the Ministry of Public Works’ activities in transnational fora (European Union Council of Transport Ministers) and international fora (meeting of Latin American development ministers, Rio+20 conference, GTMO 5+5); by means of bilateral summits and high-level meetings (Poland, Portugal, France, Morocco); and through bilateral meetings with government department heads (India, United States, Brazil, Panama, Algeria, Bulgaria, Libya, Israel, Saudi Arabia, Romania).

The Ministry’s international activities pursue a twofold goal. First, to strengthen cooperation in the fields of transport, infrastructure and housing with other countries in accordance with Spanish strategic interests; secondly, to lend institutional support to the internationalization of public and private Spanish enterprises, and promote the Marca España.

Spain and Spanish businesses have wide-ranging experience in infrastructure, transport and housing, largely founded on Spain’s rapid development of the past few decades. This has earned Spain and its companies an international reputation which enables them to grasp opportunities overseas. There are any number of infrastructure and transport projects in which public Fomento Group corporations and private companies are involved, whether directly or through consortia.

In 2012 Spanish public corporations and private companies won concessions and contracts overseas worth more than €24 billion.
**INDUSTRY SECTOR**

In 2012, the performance of the industry sector has been sharply recessive. Production shrank throughout the year, and reached its lowest point in the second quarter. Industrial production declined by 6.0% year on year over the full year of 2012.

By individual industry, production (as measured by the Índice de Producción Industrial, IPI) fell in almost all subsectors, most markedly in Non-Metallic Minerals (-21.5%) and Products from Non-Metallic Minerals (-16.6%), both being closely linked to construction. A sharp decline was also seen in Electronics, Information Technologies and Telecommunications (-16.0%). However, manufacturing exports performed positively, with a 2.0% increase for 2012 as a whole, which nonetheless fell short of offsetting the drop in internal demand.

The breakdown of manufacturing by technological intensity reveals declines in all groups in 2012. High tech (-3.2%), mid to high tech (-4.2%) and low tech (-5.1%) declined more gently than mid to low tech (-10.2%). High tech and mid to high tech account for almost one third of all manufacturing in terms of value added, and stand out for their high productivity.

The industry sector, having raised its productivity from 1997 through 2007, saw a 0.6% drop in productivity in 2008. From 2009 onwards, chiefly owing to severe job destruction, the productivity of the sector has consistently grown. This trend continued into 2012, in which productivity rose 2.4% year on year (according to data from Spain's Quarterly National Accounts).

**INDUSTRIAL POLICY**

The Government's priority for the industry sector is to ensure that it regains weight within GDP to reach a level analogous to that of the most modern and competitive economies among our peers. The need
to advance in this direction stems from the insight that industry plays a key role as a driver of economic growth and creation of stable quality jobs.

Throughout 2012, industrial policy focused on taking horizontal measures designed to create more favourable conditions for industry and setting in motion the necessary stimuli to support innovative, job-creating subsectors displaying a high export capacity and accessing new high-value added markets.

This commitment takes the form of a policy of State; it embraces cross-sectional legislative and regulatory developments and specific actions in the field of industrial policy.

The first group of actions includes the structural reforms that the Government has decided to undertake to improve the framework of economic activity, with a bearing on fields as diverse as: human resources, through the reform of the labour market; financing of businesses by means of improvements introduced through the reform of the financial system; budgetary stability and transparency laws; energy, with the goal that over the medium term tariffs should approximate the real costs of production and distribution; and the business environment, with actions in the sphere of administrative streamlining, reinforcement of the Single Market, and the reform of the justice system and of regulatory bodies, inter alia.

The benefits of these structural reforms have begun to accrue in late 2012, as shown by data such as a gentler decline of Spanish industrial production in the second half of the year, and the progress made towards a climate of trust as recognized by the multinationals having interests in our country in sectors as vital as car manufacturing.

In terms of industrial policy to be rolled out in 2013, an in-depth review has been conducted of earlier re-industrialization programmes and efforts in support of the competitiveness of strategic sectors. These efforts will be renamed “support for industrial competitiveness”, and will lay the foundations of what is intended to be support for industrial investment provided by the Ministry of Industry, Energy and Tourism in the future.

As a result of this review, a common basis for both programmes has been established so that a single point of contact for applications can be provided, and criteria have been introduced for the award of financial assistance in line with the objectives of industrial policy: encouraging outward-facing investment and the creation of high value-added jobs through the incorporation of innovative technologies to processes and products.

Both programmes will be funded to an extent similar to that seen in 2012. A key novelty is that more robust guarantees will be required for public funds to be granted.
In addition, substantial support continues to be given to the aerospace and automobile industries, and support remains in place for the restructuring and modernization of the shipbuilding industry and its ancillary activities.

**POLICY IN SUPPORT OF SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs)**

The Government intends to foster the competitiveness of our SMEs through specific legislative actions and through the implementation of a plan in support of entrepreneurs and SMEs, resting on four pillars:

- **Entrepreneurial initiative**, to be supported with actions such as the *University Entrepreneurship Scheme*, which is designed to promote business startups and encourage entrepreneurial initiatives in the university ambit.

- **Support for business startups.** The Ministry of Industry, Energy and Tourism has in place an electronic processing system called CIRCE (Business Startup Information and Networking Centre) which supports business startups in the form of limited companies and sole traders. The process involves a single administrative form (DUE – Electronic Single Document) and a network of business startup offices (PAITs – Advice and Process Initiation Points). Work is underway to incorporate other formalities and legal forms to the system.

- **Support for competitiveness**, in the form of support for Innovative Business Groupings (AEIs), which promotes the development of cooperation clusters of businesses and research, technology and training centres.

- **Help for SMEs to obtain financing.** The scheme is to improve access to financing through the activities of CERSA (Spanish Bonding Company, PLC), a corporation engaging in the counterguarantee of guarantees granted by reciprocal guarantee companies, and ENISA (National Enterprise for Innovation), a corporation operating various lines of participation loans. As at 31 December 2012, ENISA had granted 685 loans, having a combined value of over €105 million. In addition, at 31 December 2012 reciprocal guarantee companies had entered into 16,911 guarantee transactions for a combined value of €982.5 million with the support of CERSA, which had counterguaranteed 5,495 transactions, of a combined value of €299 million. These policy actions are supplemented by a programme to encourage Business Angels networks and measures to foster bank financing for SMEs, inter alia.
INDUSTRIAL PROPERTY RIGHTS

Spain is a signatory of the main international treaties on intellectual and industrial property rights. According to indicators published in 2012 by the World Intellectual Property Organization (WIPO), Spain was the world’s seventh leading country in terms of applications for trademarks and industrial designs.

As to EU trademark and design applications, according to data released by the Office for Harmonization in the Internal Market, in 2012 Spain was the fifth and sixth leading country, respectively.

As to the protection of research, development and innovation results, the situation leaves room for improvement, since Spain is only the twentieth country of the world by patent registrations. However, in the European arena Spain’s progress in patent registrations is satisfactory: in 2012, it was the twelfth country by European patent applications, thus showing an increase of 9.6% year on year.

In recent years, the Government of Spain has set in motion the Plan PI to promote industrial property generation in Spain, and, since 2012, the 2012-2014 Strategy concerning industrial property for businesses and entrepreneurs, in order to encourage the strategic use of patents, trademarks and designs in the Spanish business world.

ENERGY SECTOR

In 2011, primary energy production in Spain totalled 31,793 kilotonnes of oil equivalent. By energy source, the bulk of primary energy production in 2011 came from nuclear generation, which accounted for 47.32% of total output, followed by renewable energies other than conventional hydropower (35.61%), coal (8.33%), and hydropower (8.28%). Oil and gas production combined represent 0.46% of the total domestic energy production, maintaining very low levels compared to consumption.

In 2011, primary energy demand came to 129,270 kilotonnes of oil equivalent, final energy demand totalled 92,854 kilotonnes of oil equivalent, and electricity demand was 20,635 kilotonnes of oil equivalent.

The bulk of primary energy comes from oil (45.1%), followed by natural gas (22.4%), renewable energy sources (11.5%), nuclear energy (11.6%) and coal (9.8%). As to final energy demand, petroleum products are in the lead (53.8%), followed by electricity (22.2%), natural gas (15.7%), renewable energies for direct use (6.2%) and coal (2%).
As to electricity specifically, renewable energies were the leading sources (29.6%), followed by natural gas (28.97%), nuclear energy (19.79%), coal (15.4%) and petroleum products (5.4%).

In the electricity sector, since renewable energies account for 37% of system costs, which are paid for out of tolls (approximately €7 billion in 2011), it has been necessary to rationalize such costs by establishing economic schemes encouraging cost reductions and competitiveness as compared to conventional technologies.

For this purpose, and also to address the problem of the tariff shortfall, in 2012 the Government took further steps, as summarized below:

- Royal Decree-Law 1/2012 of 27 January 2012 suspending remuneration pre-allocation procedures as regards new electricity production facilities under the special scheme.

In recent years, the growth of technologies encompassed by the special scheme has meant that the installed capacity targets set out in the 2005-2010 Renewable Energies Plan have been amply exceeded for wind power and, especially, for thermal solar and solar photovoltaic technologies. Existing installed capacity is sufficient to ensure that forecast demand in the coming years will be met and European Union targets for renewable energy use will be achieved.

However, the fact that targets were overshot threw into relief an imbalance between production costs and the value of bonuses, which involved an increased over-cost for the system. Supervening circumstances, such as a steep drop in demand in 2011 and increased electricity production using renewable sources owing to favourable weather conditions, further worsened this imbalance.
Therefore, this Royal Decree-Law temporarily abolished the economic incentives to new electricity production facilities under the special scheme – or under the ordinary scheme but using technologies attracting the same treatment as special-scheme technologies – and suspended the procedure of remuneration pre-allocation for the granting of the economic scheme hitherto attracting bonuses.

• Royal Decree-Law 13/2012 of 30 March 2012 implementing directives concerning the internal markets in electricity and gas and concerning electronic communications, and taking steps to rectify deviations arising from mismatched costs and revenue in the electricity and gas sectors.

The purpose of this Royal Decree-Law is to introduce on an emergency basis a raft of measures ultimately designed to remove the mismatch of costs and revenue in the electricity and gas systems in 2012. The measures are intended to lower costs in the electricity and gas systems so as to rationalize the various items involved, and thus make access tolls sufficient to meet the costs of regulated activities.

• Order IET/843/2012 of 25 April 2012 establishing access tolls as from 1 April 2012 and certain tariffs and bonuses for facilities under the special scheme.

• Royal Decree-Law 20/2012, of 13 July 2012, concerning measures to secure budgetary stability and support competitiveness, introduces measures to remove the mismatch between costs and revenue in the electricity sector.

• The 2013 Budget Act of 2012 (Ley 17/2012) suspends Central Government funding of the portion of the generation over-cost of island and non-mainland electricity systems.

• The Fiscal Measures for Energy Sustainability Act of 2012 (Ley 15/2012) is intended to harmonize the Spanish fiscal system with a more efficient use of energy resources, and to establish a statutory and regulatory framework that secures to all producers the proper functioning of the electricity system.

• Royal Decree-Law 29/2012 of 28 December 2012 for improved management and social protection under the special scheme for domestic employees and other economic and social measures provides that time mismatches in electricity system settlements arising in 2012, in the amount resulting from the final settlement determined by the National Energy Commission, must be treated as a revenue shortfall of the electricity settlements system for 2012.

All measures adopted since the beginning of 2012 and outlined above are intended to avoid a tariff shortfall in 2013 and ensure that revenue and costs in the electricity system fall into step with one another.
SPANISH TOURISM POLICY

THE PRESENT STATE OF TOURISM IN SPAIN

In 2012, Spain hosted 57.7 million international tourists, 2.7% up year on year, i.e. 1.5 million tourists more than in 2011. This strong performance has meant that tourism contributed 11% of GDP in 2012.

Given this tourist inflow figure, Spain is the world’s fourth leading country by foreign tourist arrivals, according to the World Tourism Organization.

In addition, Spain is the world’s second leading country by foreign tourism revenue, according to the World Tourism Organization, based on balance of payments data; Spain retained its position as the world’s third leading destination for tourism relating to conferences and conventions, according to the ICCA, the International Congress and Convention Association.

In 2012, the weighting of source markets has continued to become more evenly distributed; in the past few years, two major markets having a combined share of 50% have given way to a dozen key markets. In addition, in 2012 the growth of package tourist arrivals (3.6%) outpaced the growth of non-package tourists (2.4%). However, by arrivals volume, non-package tourists (69%) outnumbered package tourists (31%). 2011 had seen a change of trend in the use of travel packages, which, after years of decline, underwent growth of 12.2%. This change of trend may be due to tour operators’ strategy of replacing North African destinations with safer destinations, such as Spain. In 2012, distant source markets such as China, the United States and Russia, inter alia, saw the fastest growth of travel packages. The United Kingdom and Germany saw a far gentler rise in this form of tourism than in 2011.

2012 was a year in which the bid for diversification generated results, as reflected by source markets
sending tourists to Spain: e.g., Russia’s tourist spend grew by close to 50%, China’s spend rose by almost 60%, and Brazil, India and Japan are also expected to show increased expenditure. For 2012 as a whole, tourism bound for Spain does not seem to have displayed any sign of lower seasonality.

Leading source markets in 2012 were the United Kingdom, Germany and France, which together accounted for close to 56% of tourist arrivals, all three having shown year on year growth.

The United Kingdom was the source of 13.7 million tourists (+0.3%), followed by Germany (9.3 million, +4%), and France (9 million, +7.1%). The next source markets by volume were Scandinavia, with 4.2 million (+6.9%), Italy, with 3.6 million (-5.1%), and the Netherlands, with 2.5 million (-8.1%).

The markets most contributing to increased tourism in 2012 were France, which was the source of approximately 600,000 more tourists, and Germany and Russia, both of which sent close to 350,000 more tourists. Smaller but notably fast-growing source markets included China (+55%) and Russia (+39.8%).

Among the Autonomous Communities hosting the most tourists in 2012, year on year growth was experienced by Catalonia (+9.9%) and the Balearic Islands (+3.3%). Madrid (+0.4%), Valencia (+0.2%) and the Canary Islands (-0.7%) remained practically stable, while Andalucia saw a decline (-2.3%).

According to the latest available data, in 2012 Spanish residents made 158.9 million trips, or -1.2% less than in the previous year. 92% of those trips were bound for an Autonomous Community within Spain, while the remaining 8% were bound for foreign destinations. Trips within Spain remained constant (-0.5%), while trips abroad
In 2012, international tourists spent a total of €55,594 billion in Spain, or 5.7% more than in 2011. The increase was accompanied by a rise in both average spend per tourist and average daily spend:

- Average expenditure per person came to €966, 2.8% more than in the previous year, while average daily expenditure rose 6% to €108.

- The source markets accounting for the most tourist expenditure in Spain were the United Kingdom, Germany and France.

- The source markets contributing most to the increase in expenditure were the United Kingdom, Russia, the Scandinavian countries and Germany.

The balance of payments for 2012 exhibited an upward trend in tourism revenue and a downward trend in tourism payments.

Tourism revenue reached €43,306.2 billion, or 0.7% more than in the previous year. Tourism payments came to €11,905.9 billion (down -4.2%).

The balance for tourism and travel showed a surplus of €31,400.4 billion, representing 2.6% growth with respect to 2011 and covering 126.0% of Spain’s trade deficit in 2012, while the coverage rate for the same period the previous year was 77%.

According to data drawn from the Labour Force Survey (Spanish “EPA”), fourth quarter of 2012:

- Jobs in the tourist sector declined year on year by -5.2% in the fourth quarter of 2012, reaching a total of 1,942,375.

- The year on year decline in tourism-related jobs was mainly due to the negative performance of employees (-6.4%), since self-employed workers decreased by only -0.6%.

- Jobless in the tourist sector totalled 479,754 –55,000 more than one year earlier– with the joblessness rate standing at 19.8%. In the same quarter in 2011, the jobless rate stood at 17.2%. The overall rate of unemployment across the economy in general was 26.0%, whereas the previous year it had been 22.8%.

- In December 2012, tourist activities accounted for 1,838,850 Social Security registered workers (11.3% of the total for the Spanish economy). This figure decreased year on year for the third consecutive month (-1.9%). The average of Social Security registered workers in the tourist sector in the period January to December 2012 was 1,934,542, making for a year on year change of -0.7% (13,832 fewer registered workers).

**SPANISH TOURISM POLICY OBJECTIVES**

In the awareness of the significance of tourism for Spain, the Government, by means of the State Secretariat for Tourism, has set in motion
the National Integrated Tourism Plan (PNIT), adopted by the Council of Ministers on 22 June 2012. The purpose of the Plan is to improve the competitiveness of businesses and destinations alike, and support our country’s world leadership in the sector. The plan constitutes the Government’s strategy for the period 2012-2015.

The PNIT is based on a diagnostic appraisal of earlier plans and their underlying principles. Such plans include the Plan del Turismo Español Horizonte 2020, the Plan Turismo Litoral Siglo XXI and the Plan Estratégico de Marketing, all of which were adopted in close cooperation and agreement with the tourism sector as a whole.

However, the shift in the economic cycle and the changes faced by the tourist industry have given rise to a range of challenges that must be dealt with urgently if the leading position of Spanish tourism is to be retained. It is the urgency of this issue that makes it necessary to identify and prioritize the main areas in which action must be taken to preserve and reinforce our competitiveness.

From its inception to December 2012, 28% of the plan has been implemented. An implementation plan has been prepared to support the real, ongoing and quantitative monitoring and control of all measures and actions under the PNIT. Own resources have accordingly been used to set up a PNIT monitoring and control office, which will operate throughout the term of effect of the plan.

The strategic dimensions on which the PNIT is based are: the strength of the Marca España, customer orientation, offering and destination planning, alignment of public and private operators, the knowledge economy, talent recruitment and retention, and support for innovation and enterprise.

The ultimate purpose is to improve the competitiveness of businesses and destinations. The measures have been designed to achieve the following objectives:

- Create quality jobs in the tourist sector.
- Encourage public-private co-responsibility.
- Improve the fit between training courses on offer and the requirements of the sector in higher education and vocational training.
- Establish a uniform regulatory framework: Single Market.
- Strengthen the consistency and recognition of the Marca España.
- Make progress in knowledge production, management and dissemination.
- Increase the weight of Spain’s interests in the international decision-making arena.
- Increase the profitability of the sector.
- Support for smoothing out seasonality.
- Environment impact reduction.
ECONOMIC POLICY

• Talent attraction: entrepreneurship.
• Customer-mediated territorial diversification.

PNIT is proving to be a comprehensive national plan that fully involves sector players in all issues: policy, social, economic, cultural, environmental, etc. This strategic plan sets out the overarching principles for bolstering the competitiveness of the tourist sector from an operational standpoint by converting strategies into specific measures and actions designed with a view to the present situation of a change of cycle in the tourist sector.

Moreover, the plan embraces management tools for coordination, control and regular monitoring of the plan itself, so that the extent of progress in implementing the measures and achieving the targets can be ascertained. All of which is based on the principles of communication and transparency, which are decisive for the success of the plan.

These elements all rest upon the need for the Government’s leadership to bring intentions, interests and resources into alignment among all sector players, and to design cross-sectional policies towards a single market that attract the utmost cooperation from public, private and social actors, the sector being conceived of as a single mechanism serving a common goal.

During this legislative term, the decision was made to bolster the role of SEGITTUR, the State Corporation for the Management of Tourist Innovation and Technologies, controlled by the Ministry of Industry, Energy and Tourism through the State Secretariat for Tourism.

SEGITTUR is in charge of assisting innovation (research, development and innovation) in the Spanish tourist sector, in both the public arena (new promotion models and channels, management and creation of “smart” destinations, etc.) and in the private sphere (support for entrepreneurs, new models for sustainable and more competitive management, exports of Spanish tourist technology, etc.).
In addition to its support for Turespaña activities provided so far, SEGITTUR will serve as the spearhead for Spanish companies (mainly SMEs) that have made a bid for innovation in the tourist sector, by helping them get established in hitherto inaccessible foreign markets and boosting the internationalization of tourist businesses.

**POLICY FOR OUTWARD PROMOTION OF TOURISM**

Turespaña is the independent body reporting to Central Government that is in charge of promoting Spain as a tourist destination in international markets. Its overseas network comprises 33 Spanish tourism departments embedded within Spanish diplomatic missions. Most recently, it has opened new offices in Asia –Mumbai and Guangdong– which join existing offices in Tokyo, Singapore and Beijing.

An *Offices Restructuring Plan* is set to be implemented in 2013 to adapt the network to present and future tourism requirements. The restructuring plan is designed to have the least possible impact on the service provided to the Spanish private sector and to enhance the effectiveness of the public funds invested.

The bid for the new positioning of Spain's tourist industry has also involved greater promotion efforts in emerging source markets, such as Brazil and Russia; Spain has seen major increases in tourists from these sources.

Advertising promotion has retained the “I need Spain” slogan, which reflects the attraction of a distinctively Spanish lifestyle that sets us apart from other destinations.

Spain’s presence as a tourist destination at tourism trade fairs has been tightly reduced. 86 fairs having been attended in 2012, only 14 appearances are scheduled in 2013. The key fixtures have been retained; in addition, the Central Government has successfully entered into agreement with almost all the Autonomous Communities to attend under a single tourist brand, thus strengthening the *Marca España* on the international stage.
In accordance with available statistics released by Eurostat, the state of the information society in Spain is favourable, with upward progress being made in the main indicators in recent years. Highlights in 2012 include:

- **The percentage of households equipped with some form of computer (desktop, laptop or tablet) continues to grow, having reached 73.9% in 2012, according to the results of the Survey on Information and Communication Technology Equipment and Use in Households, published by the National Statistical Institute (INE). From 2011 to 2012, personal computer equipment in households declined by more than one point, while laptop ownership grew 5.8 points.**

- **A highlight was the increase in the percentage of households having Internet access, which rose from 63.9% in 2011 to 67.9% in 2012, according to the results of the Survey on Information and Communication Technology Equipment and Use in Households, published by the National Statistical Institute (INE).**

- **The number of people aged 10 or above that had used the Internet at least once stood at 29.3 million. 71.2% of the Spanish population are Internet users, 3.6 points up on 2011, according to data obtained from the household panel prepared by the National Telecommunications and Information Society Observatory (Spanish ONTSI).**

- **According to data released by the CMT, the number of mobile broadband lines in Spain in December 2012 was 52.95 million, or 5% fewer than in December 2011 (total lines, not considering lines associated with machines). The penetration of mobile telephony in Spain is 114.6%. There are 19.01 million land lines in existence, making for a 2.1% decline since December 2011. According to data produced by INE, in 2012 the percentage of households having a mobile telephone (95.9%) outstripped that of households having a landline (79.7%), thus continuing the trend detected in 2006. In fact, 19.7% of Spanish households use mobile telephony only, while 76.2% have both a landline**
• In 2012, according to the Survey of Use of Information and Communication Technologies and Electronic Commerce at Undertakings 2011-2012, produced by INE, 97.5% of undertakings in Spain have an Internet connection. In 2011, 22.5% of undertakings concluded electronic commerce purchases, while 14.2% make electronic commerce sales.

• The volume of electronic commerce in 2011 was €10.917 billion, and a total 13.2 million individuals made online purchases, according to the report produced by ONTSI in 2012 under the title 2011 B2C electronic commerce. In 2011-2012, according to the Survey of Use of Information and Communication Technologies and Electronic Commerce, produced by INE, 13.7% of all sales by undertakings were in the form of electronic commerce.

• Spain is making significant progress in the field of electronic government. In 2010, 95% of public services had an Internet presence. According to the Ministry of Home Affairs, in February 2013, 33 million citizens held an electronic identity document (e-DNI). Of persons using the Internet in the past year, 59.4% did so to obtain information from government websites, 41% did so to download official forms, and 32.2% did so to upload completed forms (5.7, 5.4 and 6.7 points up on 2011, respectively)

DIGITAL AGENDA FOR SPAIN

In March 2010, the European Commission set in motion the strategy known as Europe 2020, with the aim of recovering from the economic downturn and preparing the European Union economy for the challenges of the coming decade. “A Digital Agenda for Europe” is one of the flagship Europe 2020 initiatives. Its purpose is to define the essential capacity-building role to be performed by the use of information and communication technologies (ICTs) if Europe is to realize its ambitions by 2020. The challenge that Europe faces is significant: technologies in the information and telecommunications society have reached a distinctive degree of maturity against the background of rapid technological progress. The new macroeconomic scenario has prompted a new and different policy redesign. In this context, the strategy Agenda Digital para España (A Digital Agenda for Spain) has been produced to enable us to adapt European Union guidelines to the Spanish reality and to provide a framework for optimizing the economic and social potential of ICTs, in particular, the Internet, as an essential underpinning of economic and social activity in the coming years.

The Digital Agenda for Spain, which is set to be adopted in 2013, is structured into six major objectives:

• To encourage the rollout of ultrafast networks.
• To develop the digital economy.
• To improve electronic government and digital public
services.

- To foster trust in the digital environment.
- To encourage research, development and innovation in the industries of the future.
- To support digital inclusiveness and the training of new ICT professionals.

The various measures will be implemented in the form of nine specific plans, equipped with 32 key indicators for monitoring purposes (10 having been derived from the Digital Agenda for Europe, and 22 being specific to the development of the digital economy and society in Spain).

The nine plans are: Telecommunications and ultrafast networks plan; ICTs at SMEs and electronic commerce plan; comprehensive digital content industry plan; technology business internationalization plan; central electronic government action plan; digital public services plan; digital environment trust plan; ICT sector development and innovation plan; and digital inclusiveness plan.

RESEARCH, SCIENCE, TECHNOLOGY AND INNOVATION

A broad consensus has formed on the importance of science, technology and innovation for economic progress and the creation of sustainable competitive advantages based on the creation, application and marketing of new knowledge. In the most developed countries, scientific endeavour and the people and institutions engaging in it have grown constantly since the mid-20th century; at the same time, science has ceased to be dissociated or distant from innovation, in particular, technological development, and has now become part of a complex feedback process that lies at the root of innovation.

In Spain, the framing of a research, development and innovation policy directed to encourage various activities under a systematic perspective has come somewhat late when compared to our peers. The turning point was 1986, which saw the adoption of the Scientific and Technological Research Coordination and Support Act, which signified the express inclusion of research on the policymaking agenda and the specification of a nationwide framework of action. This statute looked to the vital link between science and socioeconomic development in industrialized countries and undertook a coordinated approach to research goals and policy surrounding the sectors relating to research and development.

The progress achieved by Spain over the past decades is reflected by its scientific output, where the country is now the ninth largest producer in the...
world. However, scientific research, technological development and, in particular, innovation in Spain now face the challenge of becoming firmly established, at a time at which, in addition, knowledge creation, dissemination and application and marketing constitute one of the keys to the competitiveness of the Spanish economy and, therefore, to the process of the country’s economic recovery.

The major transformations undergone over the past three decades and the key role of scientific, technological and innovation-related research as drivers of the country’s future economic growth and social welfare prompted the adoption of a new statutory and regulatory framework: the Science, Technology and Innovation Act of 2011 (Ley 14/2011). The main purposes of this statute include:

- Encouraging scientific and technological research in all fields of knowledge, assisting knowledge transfer by fostering interrelatedness among sector players, and nurturing innovation in all sectors and across society at large.
- Recognizing that researchers lie at the core of the scientific system. The new law designs a stable and predictable scientific career scheme for researchers that simplifies career entry, promotion and mobility.
• Ensuring the efficiency and effectiveness of public research and development expenditure, for which purpose the statute prescribes that a National Research Agency be set up to give the system a stable financing framework. The activities of the new body will take place against a background of full independence, applying internationally accepted scientific and technical criteria and principles to assure efficient allocation of available public funds.

• Ensuring cooperation among levels of government. The new law creates new governance and coordination mechanisms among the various levels of public administration, in a spirit of observance of authorities’ respective areas of concern, with a standout being the Science, Technology and Innovation Policy Council, as the overall coordinating body of scientific and technological research, created on 18 September 2012, and the Science, Technology and Innovation Advisory Council, as the organ facilitating the involvement of the scientific and technological community and economic and social actors, created on 15 November 2012.

• The coordinated specification of the principles and strategic objectives of public research, development and innovation policy, as reflected in the Spanish Science and Technology Strategy, the Spanish Innovation Strategy and the National Scientific, Technological and Innovation Research Plans, which set out the actions and instruments of Central Government.

This cutting-edge statute also embraces: measures to make progress towards effective gender equality; a commitment to researchers orienting their activities towards the fight against poverty and social exclusion; and principles and instruments to encourage the dissemination of scientific knowledge to society by allowing open access to the results of publicly funded research and supporting knowledge and innovation dissemination activities.

The entry into force of this law entails a leap forward in the buttressing of the Spanish science, technology and innovation system and in the promotion of capabilities for scientific research, technological development and innovation so as to respond to the major social and economic challenges that the country faces.

THE SYSTEM OF SCIENCE, TECHNOLOGY AND INNOVATION

The Spanish System of Science, Technology and Innovation comprises a set of institutions that are classified under the Science, Technology and Innovation Act on a functional basis into three areas: policy coordination and definition; support for research, development and innovation; and execution.
The Science, Technology and Innovation Act entails the planning and specification of the Spanish System of Science, Technology and Innovation on the basis of a governance model that, together with the Central Government’s leadership in research and development policymaking, recognizes the increasing efforts and involvement of the Autonomous Communities in the implementation of their regional research, development and innovation systems. The overall objectives, shared by all levels of government, in the field of scientific and technological research support and general coordination, are set out in the Spanish Science, Technology and Innovation Strategy, which provides the multi-annual frame of reference for the drafting of the scientific and technological research and innovation plans to be rolled out by the various levels of government.

The implementation and financing of actions arising from national scientific and technological research and innovation plans, and selection, assessment, management and monitoring processes, will constitute, together with advice on financing instruments and research, development and innovation policies, the chief objects of the National Research Agency and the Centre for Technological and Industrial Development. Both these bodies are Central Government financing bodies attached to the State Secretariat for Research, Development and Innovation of the Ministry of Economy and Competitiveness. This State Secretariat is in charge of moving forward with science, technology and innovation policy. Its subordinate bodies include the Secretariat General of Science, Technology and Innovation, which supports the balanced and sustainable development of scientific and technological research capabilities within the system, the implementation of its innovation capabilities, and its contribution to improving competitiveness across the economy as a whole. The Secretariat General
of Science, Technology and Innovation is in turn reported to by the Centre for Industrial Technological Development (CDTI), the activities of which are directed to encourage Spanish businesses’ innovation and technological development.

Bodies reporting directly to the State Secretariat for Research, Development and Innovation include the Spanish Foundation for Science and Technology (FECYT) and the Public Research Bodies (OPIs). FECYT has a clear focus on the societal dissemination of science and the reinforcement of the country’s scientific culture, and on providing advanced scientific services to the scientific community. For their part, Public Research Bodies were created for the direct execution of scientific and technological research activities, the provision of technological services, and ancillary activities as required for the suitable scientific and technological progress of society.

The OPIs are:
- the Spanish Council for Scientific Research (CSIC), a multidisciplinary and multi-sector agency;
- the National Institute of Agricultural Research (INIA), which specializes in agricultural and agri-technology research;
- the Spanish Oceanography Institute (IEO), which specializes in oceanographic research and fishery resources;
- the Geological and Mining Institute of Spain (IGME), which focuses on research in this field;
- the Centre for Energy and Environmental Research (CIEMAT), which engages in energy and environmental research.
- the Institute of Astrophysics of the Canary Islands (IAC), which specializes in astrophysics research;
- and the Carlos III (ISCIII) Health Institute, which coordinates research activities in the field of healthcare and assists knowledge transfer to the National Health System. Today, this public body reports to both the Ministry of Economy and Competitiveness through the State of Secretariat of Research, Development and Innovation, and on the Ministry of Health, Social Services and Equality.

Public universities, the CSIC and the rest of OPIs maintain close cooperative relationships within their research groups and through the creation of mixed CSIC-university centres, inter-university research institutes, etc., which reflect a growing effort to rationalize resources, make best use of the synergies arising from specialization and, in partnership with and having regard to increasingly multidisciplinary and open perspectives, to address the main existing challenges in the ambit of scientific/technical research and its future transfer towards innovation.

The execution of scientific and technological
research and innovation activities falls to a large number of stakeholders who form an integral part of the System. While most research and development activities are conducted by universities, OPIs, healthcare centres and companies, today an increasingly important role is played by the research centres attached to the Autonomous Communities or to Central Government or to both, and by technology centres, by science and technology parks, and by the so-called “unique science/technology facilities”.

As support elements, the Spanish science system relies on a range of organizations, entities and frameworks of action that enable the research and development offering to interact with the business world. Their purpose is to directly contribute to the transfer of new knowledge and technologies to the economic fabric. These entities and instruments include:

- **Technology platforms**, which involve all players intending to move research, development and innovation forward in a specific sector (businesses, technology centres, universities, etc.). These fora carry high strategic importance by virtue of their contribution to jobs, competitiveness and knowledge-driven growth. By identifying medium and long-term technological needs, they establish “Strategic Research Agendas”, which provide guidance on regional, national and European investment of value to that specific sector and on the public and private research and development investments required by the field in question.

- **Technology centres**, nonprofit entities that undertake research, development and innovation projects in partnership with businesses. These bodies are often described as “intermediaries” between publicly funded research and the economic fabric. But they are more than that: they create knowledge, use significant facilities and laboratory equipment, and rely on their own teams of technologists and researchers and administrative departments and staff. Today, there are 90 technology centres and four technological innovation support centres. These centres have proved vital to the technological and industrial development of Spanish SMEs, and they are key actors in the implementation of innovation policies. In addition, the State Secretariat of Research, Development and Innovation is responsible for creating the Register of Technology Centres and Technological Innovation Support Centres, the purpose of which is to reinforce the role of such centres having a nationwide scope within the Spanish System of Science and Technology and to emphasize their relationship with businesses.

- **Science and technology parks** have enjoyed public support in the form of various calls for proposals, and are presently one of the actors involved in the institutional cooperation between the Central Government and the Autonomous Communities. Their purpose is to help modernize the economic
Unique science and technology facilities (ICTS) are those centres that are unique in their own field, for which public promotion and financing is justified by their high cost of investment and maintenance or by their unique or strategic nature. A National Map of ICTS was adopted in 2007, whereby the Central Government and the Autonomous Communities agreed to support a total of 24 major science infrastructures, which are added to the 30 existing ones, such as the Antarctic Bases, the Almeria Solar Platform, the Barcelona ALBA Synchrotron, the Canary Islands Telescope, and the Iris Network of advanced electronic services for the scientific community. Today, the State Secretariat for Research, Development and Innovation has set in motion the review of this map of ICTS at the national level for the purpose of establishing priorities, coordinating actions more effectively, generating cooperation synergies among Autonomous Communities, and encouraging a concentration of resources to safeguard the competitiveness and international leadership of our ICTS. In addition to the ICTS existing within national territory, Spain participates in major international facilities such as the European Particle Physics Laboratory CERN, the experimental reactor ITER, the European Molecular Biology Laboratory (EMBL), the Laue-Langevin Institute (ILL) and the Rutherford Appleton Laboratory (ISIS), among others.

THE FINANCING OF RESEARCH, DEVELOPMENT AND INNOVATION

Since the mid-1980s, the design and putting into practice of Spanish scientific policymaking has sought to respond to the challenges faced by science in our country. Today, after a range of planning attempts, government intervention in the field of science and technology has take the form of
various forms of action, notably:

- Institutional articulation via the design of policies and instruments oriented to encouraging cooperation among stakeholders and among levels of government and the creation of efficient structures for the management of public subsidies.

- Statutory and regulatory actions to provide an overall framework favouring research in both universities and public research and development centres and in the private sector. Here, the State Secretariat for Research, Development and Innovation is working on specifying new models for financing research, development and innovation activities so as to promote a rise in private sector involvement and wider flexibility as to the various formulas for public-private cooperation.

- Financial support for research, development and innovation activities through the various competitive calls for proposals for the award of available public funds.

- Specific actions directed at the functioning of the system with regard to coordination and interaction among system members (public authorities, public research and development system, and businesses), human capital education and training, support for fundamental research and public investment in science and technology infrastructure, and other services in support of research and development.

In Spain, public sector support features the specific complexity that arises from the share-out of powers between Central Government and the Autonomous Communities: today, the regions also take action in this field through their own institutions and specific plans in support of research, development and innovation. In fact, close to half of public research and development funding comes from regional sources.

MAIN RESULTS OF RESEARCH, SCIENCE AND INNOVATION IN SPAIN

The figures relating to research, science and technology in Spain clearly show that the human and material resources dedicated to research have undergone a major quantitative and qualitative leap. Total expenditure on research and development activities, which in 1980 accounted for 0.43% of GDP, had risen to 1.33% of GDP by 2011. Business R&D&i expenditure represents 0.70% of GDP, a figure considerably below the 1.23% average for businesses across the European Union. In addition, research and development activities are funded by private businesses only to the extent of 44.3%, this being one of the features that distinguishes the Spanish System of Science, Technology and Innovation from our peers.
The training and career entry of new doctoral graduates is one of Spain’s priorities and merits special attention, particularly as regards the recruitment of research, development and innovation researchers and staff to the economic fabric: accounting for 42% of total staff involved in R&D activities in our country, their presence is clearly below the average for the European Union as a whole.

The number of researchers (full-time equivalent, EJC) in Spain has grown ahead of the European average since 2000. With 130,235 researchers and average annual growth of 6.4%, Spain is the fourth leading country in the European Union. In addition, from 1980 to 2011, the number of researchers has increased from 1.4 to 7.08 per thousand employed population. Human resource-focused actions and, in particular, the increasing involvement and labour market integration of researchers in both the public and private sectors constitute one of the key objectives of the 2013-2020 Spanish Science, Technology and Innovation Strategy, that supports both researcher mobility between the public and private sectors to encourage knowledge transfer, and dialogue among public centres, universities and businesses.

Recently, Spain has acquired considerable scientific significance as reflected by the quantity and quality of the resulting publications. An increasing percentage of papers are included
among the 10% most cited worldwide, where Spain has achieved annual growth from 2000 to 2010 considerably above the European Union average. However, in terms of patents – although these have notably increased in relative terms – the number of European patents granted continues to fall far below the European average. Coupled with the scant involvement of business expenditure in research and development, mentioned earlier, this leads to a gradual deterioration of the innovative capability of the economic fabric as a whole.

From 2000 to 2012, international cooperation has significantly increased, as reflected by indicators such as the number of scientific papers published on a coauthorship basis or the number of patents applied for as a result of partnerships. However, both publicly funded and business funded researchers continue to have a presence that falls short of what ought to be expected of a country of our size and standard of development in the major networks of scientific and technological cooperation. Against this background, the State Secretariat for Research, Development and Innovation, of the Ministry of Economy and Competitiveness, is reinforcing the instruments designed to encourage international cooperation, particularly within the ambit of the European Union, so as to increase the necessary Spanish involvement in the main EU-funded programmes.

The mobility of researchers and research and
development-related staff is also a revealing indicator of the extent of the internationalization and international leadership capability of scientific and technological research in Spain. One indicator to be highlighted is Spain’s active involvement in all Marie Curie actions. Spain is the fourth country in terms of grants obtained, and the leading country in terms of coordination of co-financed proposals and project financing within the framework of Marie Curie Career Reintegration Grant actions, with a total of 79 projects approved in 2011, followed by Israel (50), France (43) and Germany (38).

Also notable is Spain’s extent of involvement and increasing success in actions towards excellence undertaken by the European Research Council Executive Agency. In 2011, the progress made in the quality of our research in the international arena is endorsed by the award of 15 Advanced Grants and 27 Starting Grants, such that Spain placed seventh and sixth, respectively.

Moreover, the reinforcement of Spanish research institutions displaying international leadership capabilities is funded by the State Secretariat for Research, Development and Innovation through the Severo Ochoa Subprogramme of Support for Centres/Units Achieving Excellence, so as to promote research achieving excellence conducted in Spain at university departments or institutes,
research foundations or centres, and institutes and units of OPIs. In late 2012, there were eight recognized centres of excellence in accordance with the most demanding international standards.

The promotion of and support for the excellence and strengthening of scientific research institutions constitute one of the central pillars of action and scientific policymaking of the State Secretariat of Research, Development and Innovation, as reflected in the 2013-2020 Spanish Science, Technology and Innovation Strategy and the 2013-2016 National Scientific and Technological Research Plan, produced in 2012 and set to be adopted in 2013.

THE 2013-2020 SPANISH SCIENCE, TECHNOLOGY AND INNOVATION STRATEGY

The Spanish Science, Technology and Innovation Strategy formed part of the Government’s national programme of reforms for 2012, as an instrument to “encourage the country’s economic growth and competitiveness”. This Spanish Strategy, in alignment with recent initiatives undertaken by our peers, orients research, development and innovation policy to capacity building, and, above all, to obtaining results that speed up the social and economic impact of research.

In order to rise to the challenges and requirements of the Spanish System of Science, Technology and Innovation, bolster its capabilities, strengthen its actors and their interrelationships, raise business involvement in research, development and innovation activities, and help enhance the social and economic benefits of planned public investment, the objectives of the Spanish Science, Technology and Innovation Strategy are as follows:

• Recognition and promotion of research, development and innovation talent and employability. This objective is intended to improve research, development and innovation training capabilities across the system; facilitate career entry and employability of resources trained in the public and private sectors; and facilitate temporary mobility of such resources among public institutions and among public and private entities for the implementation of research, development and innovation activities.

• Support for scientific and technological research attaining a standard of excellence. The goal is to promote knowledge creation, reinforce and increase the country’s and its institutions’ scientific leadership, and facilitate the emergence of new opportunities that might contribute to the future development of highly competitive technological and business capabilities.

• Support for business leadership in research, development and innovation. The goal is to enhance the competitiveness of the economic fabric by increasing research, development and
innovation activities in all fields, and, in particular, in strategic sectors for economic growth and job creation in Spain and its Autonomous Communities.

- Support for research, development and innovation activities targeting society’s overarching challenges and, in particular, those affecting Spanish society. This objective answers to the need to stimulate the country’s scientific and innovative potential towards fields that provide a response to the numerous problems faced by our society and that call for a major R&D effort. The nature and complexity of these challenges make it necessary to combine the generation of new knowledge with its application to technologies, products and services that in future may aid the country’s scientific, technological and entrepreneurial leadership.

The rollout of the Spanish Science, Technology and Innovation Strategy, the impact of the actions resulting from it, and the achievement of the intended goals are in turn dependent on a range of measures, many of which are largely linked to the features of the environment in which the parties concerned must carry out their roles. Six priority axes have been identified that will allow for laying the groundwork of the future economic development and prosperity of our society, and that must rest on our collective capability to innovate. These axes—which, being cross-sectional, affect all the overarching targets—are:

1. The specification of a favourable environment supporting the implementation of research, development and innovation activities and allowing for the creation of a flexible and efficient framework in the arena of public and private research and development alike, in alignment with stakeholders’ needs.

2. Support for specialization and aggregation in knowledge generation and talent management so as to promote scientific and technological specialization of System stakeholders, including institutions, centres, businesses, clusters and human resources. In addition, the aggregation of capabilities, in conjunction with scientific/technological specialization of implementing actors, will allow for identifying and making use of the strengths and potential for excellence of each System stakeholder and for reaching the necessary critical mass for international leadership.

3. Stimulating knowledge transfer and management in open, flexible R&D&i cooperation environments in which interaction, idea dissemination, and adoption of shared objectives and models encourage the flourishing of new ideas and provide incentives for their use in novel commercial and non-commercial applications that improve on previous results.

4. Supporting the internationalization and promotion of the international leadership of the Spanish
System of Science, Technology and Innovation, which constitutes a powerful source of competitiveness and differentiation that must be boosted further.

5. Specifying a highly competitive regional framework based on “intelligent territorial specialization” so as to articulate in each Autonomous Community the necessary social and economic development to foster convergence based on existing capabilities in the economic fabric, supporting the scientific potential of regional stakeholders, and bolstering innovation as a driver of change and progress.

6. Nurturing a scientific, innovative and entrepreneurial culture that permeates society as a whole, encourages creativity and supports higher social and institutional acceptance of entrepreneurship.

Moreover, the National Science, Technology and Innovation Research Plan, produced in 2012 and set to be adopted in 2013, is aimed at all stakeholders of the Spanish System of Science, Technology and Innovation responsible for the following actions: implementation of research, development and innovation activities; management of such activities; and provision of research, development and innovation services for scientific progress across Spain’s society and economy as a whole.

The structure of the 2013-2016 National Science, Technology and Innovation Research Plan is aimed at the strategic objectives under the Spanish Science, Technology and Innovation Strategy and its priority axes, having regard to the environment in which the stakeholders of the Spanish System of Science, Technology and Innovation carry on their activities.

Hence, the Central Government actions contained in the National Research, Development and Innovation Plan are structured into national programmes corresponding to the objectives under the Strategy, and provides tools to implement those goals. These programmes in turn allow for the implementation of specific objectives linked to the putting into practice of the plan associated with the relevant indicators of the resulting impact.

INTERNATIONALIZATION

The State Secretariat of Research, Development and Innovation supports Spanish involvement in JTIs (Joint Technology Initiatives), promoted at the European Union level, and participates in eight JPIs (Joint Programming Initiatives), and is now the lead participant in the initiative addressing “The Challenges of Water in a Changing World”, and co-leads the initiative addressing “Healthy and Productive Seas and Oceans”. It is also actively involved in strategic planning for the future European Innovation Partnerships (EIPs), particularly the pilot initiative on “Healthy Aging” and the initiative relating to raw materials.
The development of cutting-edge scientific and technological knowledge and the use of such knowledge in new fields requires the deployment of significant scientific and technological infrastructure. As to RIs (Research Infrastructures), Spain is participating in the construction of pan-European infrastructures, such as X-FEL (X-ray Free Electron Laser) and FAIR (Facility for Antiproton and Ion Research), at laboratories such as CERN (European Particle Physics Laboratory, which comprises the LHC, Large Hadron Collider), EMBL (European Molecular Biology Laboratory), the ESA (European Space Agency) and ITER (International Thermonuclear Experimental Reactor).

Spain is also present in all the major European programmes and actions for science and technology cooperation, such as the R&D Framework Programme, the Competitiveness and Innovation Framework Programme (CIP) and the EU European Innovation and Technology (EIT) Institute.

The present goals are to work towards the further internationalization of Spanish science – which is now European science – and to support the full implementation of the ERA (European Research Area), while firmly establishing the Latin American Knowledge Area (EIC).

**THE NATIONAL RESEARCH AGENCY**

The reform of research, development and innovation management and financing structures forms part of a process of modernizing the Spanish System of Science, Technology and Innovation. This includes, among other actions, the framing of new strategic instruments directed to improve the governance, coordination and efficiency of government interventions, the creation of a new financing organ – the National Research Agency – and the specification of new strategic goals to set in motion a new financing model designed to create scientific, technological and innovation capabilities.

The National Research Agency, the articles of association of which were drafted over the course of 2012 and which is scheduled to be formed in 2013, will allow for the introduction of a more flexible, efficient and transparent management scheme and for the adoption of international best practices.

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**CORRESPONDENCE BETWEEN THE GENERAL OBJECTIVES OF THE SPANISH SCIENCE, TECHNOLOGY AND INNOVATION STRATEGY AND NATIONAL PROGRAMMES UNDER THE NATIONAL SCIENTIFIC, TECHNOLOGICAL AND INNOVATION RESEARCH PLAN**

<table>
<thead>
<tr>
<th>2013-2020 Spanish Science, Technology and Innovation Strategy</th>
<th>2013-2016 Programmes under the National Scientific, Technological and Innovation Research Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion of talent and employability</td>
<td>National Programme for the Promotion of Talent and Employability</td>
</tr>
<tr>
<td>Fostering excellence</td>
<td>National Programme Fostering Excellence in Scientific and Technological Research</td>
</tr>
<tr>
<td>Support for business leadership</td>
<td>National Programme for Business Leadership in Research, Development and Innovation</td>
</tr>
<tr>
<td>Support for research, development and innovation oriented to societal challenges</td>
<td>National Programme for Research, Development and Innovation Oriented to Societal Challenges</td>
</tr>
</tbody>
</table>

Chapter VII
FISCAL POLICY

Spain today
2013

Photo: European Parliament.

Euro notes.
In the financial sphere, Spain’s administrative decentralization into three levels of government – central, regional and local – is guided by the principles of financial autonomy, coordination and solidarity, as enshrined in the Spanish Constitution of 1978.

The Autonomous Communities and Local Authorities enjoy full financial autonomy to decide upon and adopt their own budgets.

At the national level, the drafting of the Central Government Budget rests with the Central Government, and the scrutiny, amendment and adoption of the Budget lies within the purview of the Cortes Generales, the Spanish national parliament.

The Central Government Budget (Spanish “PGE”) is the document setting out the annual plan of revenue and expenditures for the central public sector. The Central Government Budget is one of the Government’s key instruments of economic policy, specifying the strategic goals of the various public policies and the funds appropriated to pursuing them.

The legal framework of the Central Government Budget is mostly provided by three enactments: the Spanish Constitution, which devotes Article 134 to the Central Government Budget; the Budgetary Act of 2003 (Ley 47/2003); and the Budgetary Stability and Financial Sustainability Act of 2012 (Ley Orgánica 2/2012).
The statutory framework is supplemented by an annual order issued by the Ministry of Finance and Public Administrations that sets the rules on the drafting of the Central Government Budget, and by lower-ranking delegated legislation regarding various aspects of budgetary management.

The budgetary cycle can be outlined as comprising the following phases:

1) Updating of the Stability Programme: in the framework of the Stability and Growth Pact, a diagnosis must be submitted annually to the European Union on the Spanish economy and the aims of economic policy. Based on this analysis, medium-term (three-year) budgetary projections are prepared.

2) Progress report on the Spanish economy: This document sets out estimates of the key economic figures that underpin budgetary stability targets. The report is produced by the Ministry of Economy and Competitiveness, after consultations with the National Statistical Institute and the Bank of Spain and having regard to the forecasts published by the European Central Bank and the European Commission. It contains an economic table targeting a multi-annual horizon that forecasts the growth of the Spanish economy and its reference rate, among other variables.

3) Order to draft the Central Government Budget: The Ministry of Finance and Public Administrations annually publishes the order setting out the rules governing the drafting of the Central Government Budget for the following budgetary period. This order formally begins the process of budgetary drafting. The order stipulates budgetary criteria, institutional scope, the committees taking part, budgetary structures, documentation to be submitted, and the schedule of the drafting process.

4) Resolution on budgetary stability and public debt targets and on the ceiling on the non-financial expenditure of the Central Government: In the first half of each year, the Government, at the proposal of the Ministry of Finance and Public Administrations, and after receiving a report from the Fiscal and Financial Policy Council of the Autonomous Communities and the National Commission on Local Government, regarding their respective fields of concern, sets the targets for budgetary stability and public debt for the government public sector as a whole and for each of the actors forming part of it (Central Government, Autonomous Communities, Local Authorities and Social Security), with reference to the three following budgetary periods. The resolution is submitted to the Cortes Generales, the Spanish national parliament, for adoption or rejection. In addition, the document specifies the limit on non-financial expenditure within the Central Government Budget for the following budgetary period.

5) Adoption of the Draft Bill for the Central
Government Budget: The Minister of Finance and Public Administrations submits the draft bill for adoption by the Government. The bill is then submitted to the Cortes Generales, the Spanish national parliament, together with the statutory budgetary documentation, at least three months before the expiry of the budget for the previous year.

6) Enactment of the Bill for the Central Government Budget: After the process of debate and amendment in the lower and upper houses of Parliament, if thought appropriate, the Bill for the Central Government Budget is enacted. The statute comes into force on 1 January of the respective budgetary period.
FISCAL POLICY OBJECTIVES AND MACROECONOMIC ENVIRONMENT

The Government’s economic policymaking since December 2011 has placed Spain on the path to fiscal consolidation, flexibility and enhanced competitiveness: all these aspects are necessary to a return to growth and job creation, in accordance with our commitments to our European partners. These measures are designed to deal adequately with a range of financial and economic imbalances of a size and severity greater even than the forecasts that underpinned the drafting of the Central Government Budget for 2012.

Financial turbulence and uncertainty as to the single currency translate into pressure on our economy, which is in a position of weakness owing to its high indebtedness and deep recession. This has had an impact on the European framework of public finances: the timetable of consolidation promised as before our partners in the European Union has been adjusted to the new economic situation; an additional year has been granted for Spain to place the deficit below the reference value.

Against this background, the initiatives adopted in the past few months are designed to restore balance to the public accounts and to apply structural reforms that will improve the competitiveness of the economy and access to credit.

The Central Government Budget for 2013 constitutes a further step in this direction, to secure credibility in the field of fiscal policy, by assuring the performance of the consolidation path adopted by the Economic and Financial Affairs Council of the European Union (ECOFIN) on 10 July 2012, and by confirming our willingness to contain public sector debt in line with the programme of structural reforms.

The Government’s economic policy, which is aimed at bringing public finances onto a sustainable path and to reinforce the competitiveness of the economic model, has been implemented against a background of recession, which resumed itself in 2011. The Spanish economy has deteriorated in an environment of turbulent financial and sovereign debt markets, where access to credit becomes restrictive and more costly.

The recessive trend of the Spanish economy is driven by the behaviour of domestic demand, which subtracted 3.9 percentage points from year on year GDP growth in 2012; external demand, however, continued to contribute positively to GDP growth last year, in the amount of 2.5 points.

In this context, it must be highlighted the achievement of the Spanish economy moving from a position of a financing gap as before the rest of the world of 9% of GDP in 2008 to a gap of only 0.2% of GDP in 2012. In the second half of last year, the economy exhibited a financing capacity as before the rest of the world of 1.5% of GDP in the third quarter and 3.5% of GDP.
in the fourth quarter. In addition, it is estimated that throughout 2013 the Spanish economy will display net financing capacity as before the rest of the world, so that new financing requirements can be covered using the country’s own resources.

The shrinking of the economy immediately impacts the labour market. Jobs fell by 4.4% year on year throughout 2012.

Forecasts predict that in 2013 year on year growth will continue to be negative, owing to the contraction of private consumption and the consumption and investment of public authorities. However, external demand will continue to contribute positively to growth. In 2013, job losses will be slower than in other recessive episodes (-0.2%), owing to the positive impact of the labour market reform, and the unemployment rate will decline slightly to 24.3%.

Decreased public consumption and investment, coupled with the revenue measures adopted by the Government, have enabled the Government to reduce the deficit for all public authorities from 9% of GDP in 2011 to 6.7% of GDP in 2012, placing Spain on the road to budgetary balance.

According to the International Monetary Fund, in comparison with other countries, Spain’s primary fiscal impulse, a variable which measures the intensity of fiscal consolidation, was the highest in 2012 among advanced countries, amounting to over 3 points of GDP.

<table>
<thead>
<tr>
<th>MACROECONOMIC SCENARIO</th>
<th>% change with respect to same period the previous year, unless otherwise indicated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Items</td>
<td>2011</td>
</tr>
<tr>
<td>National final consumption expenditure</td>
<td>-0.8</td>
</tr>
<tr>
<td>Private national final consumption expenditure (a)</td>
<td>-1.0</td>
</tr>
<tr>
<td>Government final consumption expenditure</td>
<td>-0.5</td>
</tr>
<tr>
<td>Gross capital formation</td>
<td>-5.5</td>
</tr>
<tr>
<td>Changes in stocks (contribution to GDP growth)</td>
<td>-0.1</td>
</tr>
<tr>
<td>National demand</td>
<td>-1.9</td>
</tr>
<tr>
<td>Export of goods and services</td>
<td>7.6</td>
</tr>
<tr>
<td>Import of goods and services</td>
<td>-0.9</td>
</tr>
<tr>
<td>External balance (contribution to GDP growth)</td>
<td>2.3</td>
</tr>
<tr>
<td>GDP</td>
<td>0.4</td>
</tr>
<tr>
<td>GDP at current prices: billions of euros</td>
<td>1,063.4</td>
</tr>
<tr>
<td>% change</td>
<td>1.4</td>
</tr>
<tr>
<td>PRICES (% change)</td>
<td></td>
</tr>
<tr>
<td>GDP deflator</td>
<td>1.0</td>
</tr>
<tr>
<td>Labour costs, employment and unemployment (% change)</td>
<td></td>
</tr>
<tr>
<td>Remuneration (labor cost) per employee</td>
<td>0.7</td>
</tr>
<tr>
<td>Total employment (b)</td>
<td>-1.9</td>
</tr>
<tr>
<td>Productivity per employee (c)</td>
<td>2.2</td>
</tr>
<tr>
<td>Unit labor cost</td>
<td>-1.4</td>
</tr>
<tr>
<td>Memorandum item (Labor Force Survey)</td>
<td></td>
</tr>
<tr>
<td>Unemployment rate (% of working population)</td>
<td>21.6</td>
</tr>
<tr>
<td>Unemployed (thousands)</td>
<td>4,999.0</td>
</tr>
<tr>
<td>External sector (as a percentage of GDP)</td>
<td></td>
</tr>
<tr>
<td>Current account balance with the rest of the world</td>
<td>-3.7</td>
</tr>
<tr>
<td>Financing surplus (+) or deficit (-) with respect to the rest of the world</td>
<td>-3.2</td>
</tr>
</tbody>
</table>

(a) Includes households and nonprofit institutions serving households.
(b) LFS employment.
(c) Calculated using PTETC.
Source: INE and Ministry of Economy and Competitiveness.
FISCAL POLICY IN 2012

To overcome the imbalances of the Spanish economy, the Government of Spain has set in motion a strategy based on fiscal discipline and the recovery of flexibility and competitiveness, taking action with an intensive agenda of economic reforms and budgetary measures.

• Prior to the Central Government Budget for 2012:

First, faced with the deviation from the budgetary balance in 2011, the Government was forced to take emergency measures to correct it and start on the road to restoring financial balance, thus lending credibility to the behaviour of public debt and deficit.

As regards revenue, the highlights were the creation, within the scope of personal income tax (Spanish “IRPF”), of an additional duty, and, within the scope of corporate income tax, the continuing effect of the required increase in part-payments due from large corporations, and of the ceiling on the discretion to record amortization and on the deductibility of financial expenses. As regards expenditure, inter alia, the availability was capped of appropriations from extended budgetary items to €8,915 million, and, in addition, measures were adopted to supervise staff costs.

These measures enabled the Government to have at hand a sufficient budgetary margin to update pensions for 2012 by 1%, while remaining within public deficit targets.

After the first quarter of the budgetary year, having regard to the deficit reduction target and the deviation from the target for the previous year, the measures referred to above were completed, and this stabilized tax revenue collections. Measures were accordingly adopted under Royal Decree-Law 12/2012\(^1\), in relation to corporate income tax, anticipating revenue and establishing a special levy on foreign-sourced income.

Finally, a special programme was adopted to encourage taxpayers to rectify their tax situation.

• Central Government Budget for 2012:

Faced with the economic slowdown, the Government brought the fiscal consolidation process up to date with a new deficit target for 2012, keeping faith with its undertaking to reduce the deficit for all public authorities to 3% of GDP by 2013, with a balanced apportionment of the austerity effort across all government authorities.

To comply with these commitments, the Central Government Budget for 2012 reduced Central

\(^1\) Royal Decree-Law 12/2012, of 30 March, introducing various fiscal and administrative measures directed at the reduction of the public deficit.
Government departmental expenditures by 16.9%. In addition, the budget set out special measures to increase revenue by approximately €12.3 billion.

- **After the Central Government Budget for 2012:**

Around the midline of the year, the available data showed that the economy had deteriorated severely, and financing terms had become much tougher. Taking this into account, on 10 July 2012, the ECOFIN Council reviewed the terms of the excessive deficit procedure and deferred the achievement of the public deficit target in accordance with the reference value under the Treaty of Lisbon to 2014, while keeping in place the same structural consolidation effort throughout the 2012-2014 period. One of the Council’s recommendations was to adopt a biannual budgetary plan.

Following this recommendation, Spain’s Council of Ministers, at its meeting of 3 August 2012, adopted the 2013-2014 Budgetary Plan, an instrument to improve planning and budgeting, which sets out the necessary measures to secure the performance of the fiscal consolidation path.

The main instrument for introducing the measures has been Royal Decree-Law 20/2012 which contemplates a tightening of €65 billion throughout the period 2012-2014, through a wide range of actions.

As regards public employment, measures have been taken such as the abolition in 2012 of December’s supplementary pay packet, and the alteration of the remuneration scheme for temporary disability periods.

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2 Royal Decree-Law 20/2012, of 13 July, concerning measures to secure budgetary stability and foster competitiveness.
In the tax field, the tax rates of value added tax (Spanish “IVA”) have been modified. As regards personal income tax (Spanish “IRPF”), purchases of first homes on or after 1 January 2013 are no longer entitled to deductions.

These measures are supported by a reduction in available Central Government budgetary appropriations in the amount of €600 million.

In addition, unemployment benefit for new beneficiaries as from the seventh month has been reduced, and the terms have been altered for access to minimum-income allowances (Renta Activa de Inserción) so as to strengthen their linkage to employment. In this respect, the Government decided in August 2012 to extend the duration of the PREPARA Plan, while improving its design.

In Spain, it is vital that the commitment to stability be shared by the various levels of government. This commitment is evidenced by the decisions made by the Fiscal and Financial Policy Council, and the deficit data presented by the Autonomous Communities for 2012.

• Measures of financial support for regional and local government authorities:

Throughout 2012, the Government, in the awareness of the difficulties faced by the Autonomous Communities and Local Authorities in accessing financing, set in motion the various mechanisms designed to provide them with liquidity, implemented under the Budgetary Stability and Financial Sustainability Act of 2012 (Ley Orgánica 2/2012), with provision being made for procedures to oversee fulfilment of targets by public authorities accessing such funds.

Therefore, there was set in motion the Autonomous Communities ICO line (Línea ICO Comunidades Autónomas), endowed with €10 billion, with loans having been granted in the amount of about €5.3 billion.

In addition, there was implemented the Fund for Supplier Payment Financing, which has enabled the Autonomous Communities and Local Authorities to avail themselves of over €27 billion.

Finally, in response to transitional liquidity difficulties at the Autonomous Communities, there was created the Regional Liquidity Fund, capped at €18 billion, which is available to the Autonomous Communities upon presentation and acceptance of an updated adjustment plan and the signing of a programme carrying fiscal, financial and management-related conditions.

FISCAL CONSOLIDATION PATH

Against the background of the adverse development of the economic cycle, on 10 July the ECOFIN Council decided to change the terms of the excessive deficit procedure by deferring the achievement of a deficit target of 3% to 2014. This new fiscal path constitutes an adaptation to a new baseline reality created by a deficit for 2011 that was much higher than previously
thought, and a more complex economic environment. This path entails intermediate deficit targets of 6.3%, 4.5% and 2.8% for 2012, 2013 and 2014, respectively. In accordance with this new path, Spain’s Council of Ministers, at its meeting of 20 July 2012, adopted budgetary stability and public debt targets for all public authorities for the period 2013-2015.

In addition, public debt targets were fixed with reference to the three following budgetary periods, both for all public authorities and for each subsector. Public debt will increase to 85.8% of GDP (not including the potential effect of the European financial assistance mechanism, or the effect of the special financing mechanism for payment to suppliers) by late 2013.

<table>
<thead>
<tr>
<th>Area</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Government and Social Security</td>
<td>-5.2</td>
<td>-4.5</td>
<td>-3.8</td>
<td>-2.7</td>
<td>-2.1</td>
</tr>
<tr>
<td>Autonomous Communities</td>
<td>-3.3</td>
<td>-1.5</td>
<td>-0.7</td>
<td>-0.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Local Authorities</td>
<td>-0.4</td>
<td>-0.3</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>ALL GOVERNMENT BODIES</td>
<td>-8.9</td>
<td>-6.3</td>
<td>-4.5</td>
<td>-2.8</td>
<td>-1.9</td>
</tr>
</tbody>
</table>

Excludes one-off impact on the deficit of financial system restructuring operations.

Source: Ministry of Finance and Public Administrations.

BUDGETARY PERIOD 2012

ALL PUBLIC AUTHORITIES

Public authorities as a whole closed 2012 with a deficit of €70.822 billion, representing 6.74% of GDP, according to the advance budgetary implementation data which the Government submits to the European Union.

The 2012 budget has been fulfilled against a very difficult economic background driven by the recessive cycle. This fact stands in contrast to the close of 2011, when all public authorities ended with a deficit of €95.266 billion, or 8.96% of GDP.

This confirms a significant improvement in the imbalance of public accounts of more than 2 percentage points as against the 2011 close, i.e., more than €24 billion less of deficit, and a slight deviation of only 0.44% points from the target of 6.30% of GDP undertaken vis-à-vis Brussels.

Specifically, the Central Government recorded a deficit of €40.309 billion, representing 3.83% of GDP. In 2011, the Central Government had closed the fiscal period with a deficit of 5.13% of GDP, or €54.511 billion.

The Social Security bodies closed 2012 with a deficit, in national accounting terms, of €10.131 billion, or 0.96% of GDP.

The Autonomous Communities have made a highly demanding consolidation effort in 2012. The
Autonomous Communities as a whole closed 2012 with a deficit of 1.73% of GDP, after financing system settlements, as against a deficit of €35.201 billion in 2011, or 3.31% of GDP.

Local Authorities closed the last budgetary period with a deficit of €2.148 billion, or 0.20% of GDP, an improvement of 0.10 points with respect to the target of 0.30% of GDP. In 2011, the deficit came to €4.781 billion, or 0.45% of GDP.

**CENTRAL GOVERNMENT**

As to the Central Government closing figures for 2012, in national accounts terms there was a deficit of €40.330 billion, or 3.84% of GDP, which, together with the slight surplus achieved by bodies dependent upon Central Government without financial assistance, gave rise to an aggregate balance for Central Government as a whole of 3.83% of GDP, only 3 tenths of a point above the agreed target.

This figure compares to a Central Government deficit of 5.14% of GDP in 2011, which, as a consequence of the slight surplus of Central Government-dependent bodies without financial assistance, gave rise to an aggregate balance for Central Government as a whole of 5.13%.

The primary deficit, i.e. after deduction of accrued interest, came to €14.634 billion, or 1.39% of GDP.

In cash terms – an approach that considers revenue and receipts when the movements actually occur – the deficit came to €29.013 billion, or 2.76% of GDP, as against 2.64% recorded in the previous month, and 4.42% in the same period of 2011.

The total of non-financial income over the 12 months of the year, before excluding the participation of regional and local public authorities in personal income tax, value added tax, and special taxes, came to €215.446 billion, making for an increase of 21.7% year on year.

Personal income tax collections came to €70.631 billion, 1.2% up year on year. The behaviour of this tax was positively influenced by the supplementary levy on employment income adopted in December 2011.

Corporate income tax revenue up to December increased by 29% to €21.435 billion, as a result of the regulatory changes as to part-payments adopted in July 2012, which raised this revenue by 41.3%, with a particular impact on revenues from large corporations and consolidated groups.

Owing to the significant growth of deferred income from previous periods and the rise of tax rates since 1 September, this figure contrasts with the 10% drop in the first half of the year.

The Central Government’s non-financial payments throughout 2012 as a whole came to €152.357
billion, representing an increase of 0.8% year on year. Through to December wages and salaries payable to active personnel decreased by 6.7%, to €13.144 billion.

Through to December, debt interest payments grew by 17.3% to €26.055 billion, and this figure continues to evolve on the basis of the volume of debt, changes in interest rates, and the maturity schedule. Current transfers increased from €79.892 billion in 2011 to €84.244 billion in 2012. Payments for actual investments decreased by 1.9% to reach €6.762 billion.

**IMPACT OF REGULATORY MEASURES**

The performance of revenue in 2012 is shaped by the contraction of activity, which caused a decline in taxable bases, and the effect of the tax measures already set in motion, which have made it possible for revenue to grow within this environment.

In full-year terms, the impact of the fiscal consolidation measures adopted so far came to €11.237 billion, or 7% of total tax revenue, thus exceeding the impact expected under the Central Government Budget for 2012 (Spanish “PGE” 2012) by an amount of €1.375 billion.

The Budget for 2012 comprised measures valued at €9.862 billion in aggregate. Given the poor performance of taxable bases during the first months of the year, and, above all, of part-payments by corporations, an additional package of measures was passed as a reinforcement in July 2012 amounting to of €4.975 billion.

Revenue from the differential impact of measures adopted with respect to personal income tax (Spanish “IRPF”) came to €3.525 billion, or 31.4% of the total impact.

The changes to corporate income tax (Spanish Impuesto sobre Sociedades) make for greater collection efforts by large corporations and, in particular, by large groups having higher contributory capacity. Revenue from measures relating to corporate income tax came to €4.607 billion, or 41% of the total. This result was €722 million larger than the originally forecast figure, or 18% more.

Under the new rates of value added tax (Spanish “IVA”), in effect from 1 September 2012, the forecast decline of collections – €928 million – became an increase of collections of €1.505 billion, or 13.6% of the total.

In addition, the reforms to tobacco tax and the discontinuation of the application of a zero rate to biofuels generated special tax revenue of €301 million, or 2.7% of the total. This caused a positive deviation of 24% with respect to the initial forecast for the 2012 Central Government Budget.
KEY ELEMENTS OF THE CENTRAL GOVERNMENT BUDGET FOR 2013

The Central Government Budget (Spanish “PGE”) for 2013 has as its primary goal the rectification of imbalances in the public accounts: this, together with the reforms that have been set in motion, will be the underpinning of the economic recovery.

Being in alignment with the 2013-2014 Budgetary Plan, the budget will reduce the overall deficit for the Central Government and the social security system to 3.8% of GDP by 2013, against a background of economic recession and unavoidable expenditure increases, such as debt interest and pensions – thus making the austerity effort to be made in the rest of budgetary items so much the higher.

The reduction in the public deficit will be achieved by a combination of increased revenues and austerity in expenditure. This adjustment will be implemented in such a way that the burden will not target any specific sector, and, in particular, will not focus on the underprivileged.

The Central Government Budget for 2013 continues the fiscal adjustment path of the 2012 budget, and reinforces the fiscal consolidation policy started upon the commencement of this legislative term. The drafting of this budget has two key hallmarks. First, it confirms the strong commitment to decreasing the public deficit and fulfilling the deficit target approved by the Cortes Generales, the Spanish national parliament, in late July 2012. Secondly, it sets out the Central Government’s effort to ensure the sustainable financing of Social Security by completing in advance the process of separation of sources of funds established in the Pacto de Toledo, so increasing the resources endowed for the Social Security system in 2013 in the amount of €6.66214 billion.

In addition to the major increase of contributions to Social Security, the Central Government Budget for 2013 must accommodate the increase in the interest borne by public debt, which comes to €9.74155 billion. This significant increase arises from the financial restructuring transactions being undertaken by the Central Government and the support for the liquidity of the Autonomous Communities and Local Authorities, and from the increase in the financing needs of the Central Government itself.

Moreover, the Central Government must also sustain the system of financing of the Autonomous Communities and Local Authorities, in the amount, within budgeted expenditures, of €35.31423 billion.

If these three items are stripped out – contributions to Social Security, debt interest and the scheme of financing of the Autonomous Communities and Local Authorities – then the expenditure
of the Central Government decreased by 7.3% with respect to 2012. The Central Government Budget must accommodate a range of unavoidable requirements, such as the expenditure relating to civil service pensions and transfers to the European Union, which increased by 7.7% and 1.1%, respectively. Appropriations are also made to fund the House of His Majesty the King, the Constitutional Organs, the Interterritorial Compensation Fund and other expenditure of regional and local entities. This set of expenditures decreased by 17.6% as compared to 2012.

In addition, the Central Government finances a major portion of the expenditures of the National Public Employment Service (Servicio Público de Empleo Estatal), with a scheduled contribution for 2013 of €10.34084 billion.

### CENTRAL GOVERNMENT BUDGET. DISTRIBUTION OF EXPENDITURE

<table>
<thead>
<tr>
<th>Chapters</th>
<th>Budget Initial 2012 (1)</th>
<th>(%)</th>
<th>Budget Initial 2013 (2)</th>
<th>(%)</th>
<th>(%) (2)/(1)</th>
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<tbody>
<tr>
<td>Central Government expenditure (Chapters I to VIII)*</td>
<td>160,842.15</td>
<td>100.0</td>
<td>169,775.02</td>
<td>100.0</td>
<td>5.6</td>
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<tr>
<td>Contribution to Social Security</td>
<td>8,891.65</td>
<td>5.5</td>
<td>15,553.79</td>
<td>9.2</td>
<td>74.9</td>
</tr>
<tr>
<td>Interest</td>
<td>28,848.00</td>
<td>17.9</td>
<td>38,589.55</td>
<td>22.7</td>
<td>33.8</td>
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<td>Regional/local government financing system</td>
<td>36,489.31</td>
<td>22.7</td>
<td>35,314.23</td>
<td>20.8</td>
<td>-3.2</td>
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<td>Central Government expenditure excluding the above</td>
<td>86,613.19</td>
<td>53.8</td>
<td>80,317.44</td>
<td>47.3</td>
<td>-7.3</td>
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<td>Other non-departmental expenditures</td>
<td>29,702.11</td>
<td>18.5</td>
<td>30,254.74</td>
<td>17.8</td>
<td>1.9</td>
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<td>- Civil service pensions</td>
<td>11,280.00</td>
<td>7.0</td>
<td>12,150.00</td>
<td>7.2</td>
<td>7.7</td>
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<td>- European Union</td>
<td>11,770.72</td>
<td>7.3</td>
<td>11,900.60</td>
<td>7.0</td>
<td>1.1</td>
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<td>- Obligations carried forward from previous years</td>
<td>2,270.16</td>
<td>1.4</td>
<td>1,973.10</td>
<td>1.2</td>
<td>-13.1</td>
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<td>- Contingency Fund</td>
<td>2,322.81</td>
<td>1.4</td>
<td>2,535.84</td>
<td>1.5</td>
<td>9.2</td>
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<tr>
<td>- Other expenditures**</td>
<td>2,058.42</td>
<td>1.3</td>
<td>1,695.20</td>
<td>1.0</td>
<td>-17.6</td>
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<tr>
<td>Contribution to the State Public Service for Employment</td>
<td>13,306.47</td>
<td>8.3</td>
<td>10,340.84</td>
<td>6.1</td>
<td>-22.3</td>
</tr>
<tr>
<td>Central Government departmental expenditure (Chapters I to VIII)</td>
<td>43,604.61</td>
<td>27.1</td>
<td>39,721.85</td>
<td>23.4</td>
<td>-8.9</td>
</tr>
</tbody>
</table>

* Excluding contribution to the European Stabilization Mechanism.

** House of HM The King, Constitutional Organs, Interterritorial Compensation Fund and other expenditure of regional and local entities.
Finally, the budget accommodates obligations incurred by Central Government departments and carried forward from previous years; these items impacted the deficit of previous years, and will be paid out of the budgetary appropriations of the 2013 Central Government Budget. If these items are stripped out, the sharply reduced amount available for Central Government departments in 2013 reflects the true scale of the fiscal adjustment under the Budget. Specifically, the appropriation made for all Central Government departments was €39.72185 billion, 8.9% less than in 2012.

The non-financial revenue of the Central Government came to €124.04488 billion. The new tax measures introduced in July 2012 will raise revenue collections considerably; a highlight will be the expected increase in the collection of value added tax (VAT).

**PENSIONS**

The expenditure budgeted for the pensions policy in 2013 is €121.557 billion, making for an increase of 4.9% with respect to 2012.

A highlight of this policy is the 4.3% increase in budgetary appropriations for honouring contributory pensions, as a result of the growth of the population of pensioners, the replacement effect, and the raising of all pensions by 1%.

In addition, Central Government contributions to financing supplements for minimum pensions rose by €4.089 billion, or 107.4% more than in 2012, as a result of the Central Government’s taking on the financing of these supplements.
FISCAL POLICY INDEX

2013

UNEMPLOYMENT

The budgetary appropriations allocated to unemployment policy came to €26.994 billion, of which €26.696 billion will be spent on benefits.

Unemployment policy is structured into two levels of protection. First, the contributory level, which takes the form of unemployment benefits, with planned expenditure of €19.369 billion; the second is an assistance level supplementing the contributory level.

Royal Decree-Law 20/2012, of 30 March, concerning measures to assure budgetary stability and encourage competitiveness, contemplates the necessary measures to ensure the future viability of the unemployment protection system by adjusting the computation of wealth-related income for eligibility for benefits, while modifying the terms of access to minimum-income allowances (Renta Activa de Inserción), rationalizing unemployment benefits as from the seventh month of unemployment, rationalizing benefits for people aged 52 and above, and eliminating the special benefit for people aged 45 and above.

Hence the percent distribution by line of action of the consolidated budget, excluding public debt policy, reflects the lines of action regarded by the Government as priorities against the present background of constraint..
In order to meet fiscal consolidation targets and gradually reduce tax imbalances, most statutory taxes have been reformed in line with the principle of financial sufficiency and, in addition, ensuring the principle of tax fairness, by sharing the burden in a more equitable way. As a result, it has been necessary to undertake several tax reforms.

- **Royal Decree-Law 12/2012, of 30 March, introducing various fiscal and administrative measures directed at the reduction of the public deficit.**

After the adoption of emergency tax measures under Royal Decree-Law 20/2011, of 30 December, concerning emergency budgetary, fiscal and financial measures for the correction of the public deficit, which included a temporary and progressive increase of personal income tax, a new Central Government Budget was drafted and adopted for 2012, the deficit target at that time being 5.3% of GDP. Given that certain expenditures were unavoidably to be extended over time, it was thought necessary to establish new fiscal measures, in compliance with the principle of fairness, to ensure that the deficit target was met. These measures were adopted under a Royal Decree-Law so that they would come into force immediately, and not be delayed until the entire Central Government Budget for 2012 was enacted. The two key packages of measures under the Royal Decree-Law were those relating to corporate income tax and the creation of a special tax reporting requirement.

As to corporate income tax, the measures are intended to increase the effective rate without modifying the formal rate, by capping or eliminating certain tax benefits so as to correct corporate over-leveraging. Since these tax benefits were largely the preserve of large corporations, it can be said that these statutory changes secure improved fairness for this tax, insofar as they affect taxpayers having greater payment capacity, and increase the effective rate of large corporations more than for other taxpayers.

- With effect in 2012 and 2013: a cap is introduced on the deductibility of goodwill; the limit on deductions under article 44.1 of the Corporate Income Tax Act (*Ley del Impuesto sobre Sociedades*) is reduced from 35% to 25%; limits are placed on the deductibility of unused discretionary amortization; and a general minimum part payment requirement is established of 8% of accounting profit for entities having a net turnover in excess of €20 million.

- With effect from 2012 onward: the deductibility of finance expenses at non-financial corporate groups, and the discretion to set the
rate of amortization is abolished.

- With effect in 2012: a special levy of 8% on foreign-sourced dividends and income is established.

In addition, given the need to obtain further revenue, a special tax reporting requirement was introduced for the purpose of rectifying the situation of taxpayers holding assets or rights the income from which had not previously been reported. The rate applicable to the acquisition value of such assets and rights is 10%. This measure was in effect temporarily, and expired on 30 November 201:

Finally, as regards special taxes, the duty on cigarettes was modified and the scope of the definition of fine-cut tobacco intended for the rolling of cigarettes was broadened so as to establish a more balanced tax scheme.

• Royal Decree-Law 20/2012, of 13 July, concerning measures to secure budgetary stability and support competitiveness.

Within the framework of the so-called “European Semester”, in April 2012 the Stability Programme (Programa de Estabilidad) and the National Programme of Reforms (Programa Nacional de Reformas) were referred to Brussels. Later, given that Spain is involved in a Community procedure targeting its excessive deficit, the ECOFIN Council meeting of 10 July 2012 adopted a range of recommendations which stated that it was necessary to take immediate fiscal measures to palliate structural problems and realign the deficit path, since public revenue was proving more sensitive to the economic cycle than expected. Among other measures, it was proposed to introduce a taxation scheme consistent with the fiscal consolidation efforts then underway, lending greater support to growth, including a shifting of fiscal pressure from employment to consumption and environmental taxes. In particular, the low revenue from value added tax (Spanish “IVA”) was to be addressed by enlarging the tax base and a tax scheme less biased toward borrowing and homeowning to be secured.
The ECOFIN meeting of 10 July 2012 also approved the raising of the deficit target for Spain to 6.3% of GDP for 2012, with a one-year extension of the path to achieve the target of 3% of GDP. In view of the evidence of worse-than-expected performance of revenue with respect to the economic cycle, and in order to supplement the measures adopted previously, on 13 July 2012 a decision was made to adopt a new royal decree-law carrying a fiscal package the measures of which targeted value added tax, personal income tax, corporate income tax and special levies, and were to remain in effect for more than one year.

Several contemporaneous changes were made to value added tax, with effect from 1 September 2012:

- Raising of rates: the general rate was increased from 18% to 21%, while the reduced rate was increased from 8% to 10%.
- The reduced rate was no longer to be applied to certain goods and services, including: flowers and live plants, hybrid hospitality services, artistic performances and events, services provided to natural persons carrying out sporting activities, funeral services, dental healthcare and thermal cures not attracting an exemption, hairdressing services, radio broadcasting, and digital television broadcasting services, which now come under the general rate.
- An increase in the compensation percentages of the special scheme for agriculture, livestock farming and fisheries (from 10% and 8.5% to 12% and 10.5%), and of the general and reduced rates of the special equalization tax (from 4% and 1% to 5.2% and 1.4%).

As regards personal income tax (Spanish “IRPF”), fiscal compensation for the deduction of the purchase of a first home acquired before 20 January 2006 was abolished, and the rate applicable to withholdings on the proceeds of occupational activities and employment arising from the provision of courses, conferences, talks, seminars and similar events, or arising from the writing of literary, artistic or scientific works, provided that the right of exploitation is assigned, was raised from 15% to 21% (with effect for 2012 and 2013; later, the withholding rate will be 19%).

As regards corporate income tax, the measures adopted in March 2012 were supplemented and expanded:

- With effect in 2012 and 2013: a limit was placed on the setoff of tax losses by entities reporting net turnover in excess of €20 million (decreasing from 75% to 50%, and from 50% to 25%, for companies having revenue below or above €60 million, respectively).
- With effect in 2012 and 2013, and applicable to part payments after 15 July 2012: the taxable base is increased by 25% of the value of
dividends and income attracting international double-taxation exemptions; taxable bases are increased for entities having net turnover in excess of €10 million, €20 million and €60 million (from 21%, 24% and 27%, respectively, to 23%, 26% and 29%); the general rate applicable to minimum part payments is increased from 8% to 12%; and decreases from previous part payments are restricted.

- With effect from 2012 onward, the limitation on the deductibility of finance expenses, formerly applicable only to corporate groups, is made applicable to all corporations generally.

- With effect in 2012, the scope has been broadened of the special levy on foreign-sourced dividends and income not fulfilling the requirements set out in the Royal Decree-Law of March 2012 (for these new forms of taxable income, the rate is 10%).

As to special duties, with effect from 15 July 2012 a minimum rate was introduced for cigars and cigarillos, and the minimum rate applicable to fine-cut tobacco intended for the rolling of cigarettes was raised. With effect from 1 September 2012, the proportional rate on cigarettes was reduced in step with the increase in the value added rate so as to avoid distortions in the overall tax level on cigarettes, while the minimum rate was raised to increase revenue and bring it into line with that of our European peers.

• Act of 2012, a statute amending tax and budgetary rules and adapting financial regulations to intensify the prevention of and fight against fraud (Ley 7/2007).

The rules were amended to enhance the means available to fight fraud. The main measures were as follows:

- Restriction of the use of cash in business/professional transactions worth €2500 and above.

- A new duty is created to report accounts, securities and real property held abroad, using a standard form to be adopted for the purpose. Breach of this duty will carry a specific penalty.

- The taxability of unreported income is no longer subject to a statute of limitations. Unreported income that is detected will be treated as having arisen in the latest tax period still open to audit.

- Traders billing less than 50% of their transactions to private individuals are excluded from the objective estimation of income scheme. This exclusion applies only to traders whose volume of earnings for the previous year exceeded €50,000. The activities capable of exclusion are those subject to the 1% withholding.

- The procedural moment at which interim measures may be taken in the course of tax-related proceedings is brought forward.
- In criminal proceedings for tax fraud, the reform enables the Spanish Revenue Agency ("AEAT") to adopt interim measures. The Office of the Crown Prosecutor and the competent court will be notified, and the interim measures will be kept in place until the court issues its decision.

- To prevent asset stripping from companies set to be liquidated, the liability of successors is broadened to assets received before formal liquidation.

- The directors of companies repeatedly filing returns for withholdings or passed-on tax without making payment of the tax debt will be subsidiarily liable for such debt if it can be shown that there is no genuine intention to pay.

- The Revenue Agency is given a power to prohibit disposals of a taxpayer’s real property when owned through a company in which the taxpayer holds a greater than 50% ownership interest. This measure is designed to prevent fraudulent tunnelling of assets.

- The reverse charge procedure is established in events of waiver of the exemption from value added tax upon transfers of rustic land and second and subsequent sales of buildings.

- To support the collection of tax claims arising after a declaration of insolvency (claims against the insolvency estate), a distinction will be drawn for value added tax purposes between transactions concluded before and after the decree declaring insolvency proceedings.

- Two distinct self-assessments must be filed so as separately to reflect the charges borne before and after the declaration of insolvency, with a limit being placed on the deductibility of VAT borne before the insolvency.

- Penalties for resistance, obstruction, excusal or refusal of audit actions are made more severe.

- **Transparency, Tax Fraud and Social Security Penal Code Reform Act of 2012 (Ley Orgánica 7/2012).**

This reform of the Penal Code is intended, inter alia, to enhance the mechanisms to prevent and fight tax fraud. The following changes are highlights:

- Technical improvement of the definition of the offence of tax fraud.

- New Classification of aggravated offence.

- The previous defence to liability is replaced by the possibility of reporting and paying the entire tax debt as a supervening circumstance unrelated to the criminal conduct, neutralizing the effects of the offence.

- The requirement is introduced that the tax debt – not merely the tax charge – must be honoured for rectification to take effect for the purposes of criminal liability.
- A partial defence is introduced of redress of the economic harm caused to the public treasury.

- The bringing of criminal proceedings no longer freezes the Revenue Agency’s collection proceedings.

*Fiscal Measures for Energy Sustainability Act of 2012 (Ley 15/2012).*

The recommendations of the European Union as regards Spain’s Stability Programme called for the taxation system to lend greater support to economic growth by shifting fiscal pressure from employment to consumption and environmental taxation. The reform of consumption taxation was undertaken by means of Royal Decree-Law 20/2012 of 30 March, while the reform of environmental taxation took the form of a new Act enacted on 27 December 2012, (Ley 15/2012).

The Fiscal Measures for Energy Sustainability Act is intended to reform tax rules so as to achieve more efficient use of energy resources, with the ultimate aim in mind of protecting the environment, attaining the sustainability of the electricity system and laying the foundations for more sustainable economic growth. With these ends in mind, the following measures were put in place:

- The creation of three new taxes: the tax on the value of electricity production, the tax on the production of spent nuclear fuel and radioactive wastes resulting from nuclear generation of electricity, and the tax on the storage of spent nuclear fuel and radioactive wastes at centralized facilities. From the economic standpoint, the environmental costs of energy production and storage of wastes are regarded as negative externalities, for which reason new environmental taxes have been created to internalize those costs.

- Alteration of tax rates for natural gas and coal, and abolition of the exemptions formerly in place for energy products used in the production of electricity and in combined heat and power generation. Fossil fuel-based electricity production also creates major negative externalities owing to the emission of greenhouse gases; existing laws and regulations have accordingly been modified to that same end – to internalize the externality. Moreover, the tax rates have been modified for natural gas so as to render Spain’s internal law consistent with EU law on energy products.

- Creation of a duty on the use of inland water to produce electricity so as to enhance the policy relating to the protection of publicly owned hydraulic resources.

In addition, under the 2013 Budget Act (Ley 17/2012), in line with the EU Directive applicable to energy products, the zero tax rate formerly applicable to biofuels is revised upward in a manner equivalent to the taxation targeting the products to which
such fuels are incorporated. In addition, the fiscal pressure is increased on liquid petroleum gas.

- **Ley 16/2012**, a statute adopting various tax measures designed to consolidate public finances and to support economic activity.

In line with the European Union recommendations referred to earlier, and in order to meet the deficit target, the following changes to tax regulations were made with a view to meeting the deficit target for 2013 and supporting economic activity.

As regards personal income tax, several measures were taken in aid of fiscal consolidation.

- First, the deduction for investment in a first home is abolished for new purchasers as from 1 January 2013. This change follows the recommendations set forth by the European Commission.

- Secondly, a special duty is created on prizes paid out by lotteries managed by the Central Government, the Autonomous Communities, the National Organization of the Blind (Spanish “ONCE”), the Spanish Red Cross and analogous European entities, which had so far been tax-exempt.

- Thirdly, to introduce a fiscal penalty on speculative transactions, the taxable base of savings will only include gains and losses arising from the transfer of assets that have stayed under the taxpayer’s ownership for more than one year. Gains and losses arising from the transfer of assets owned for less than one year will accordingly form part of the general taxable base.

As to enhancing productivity and improving competitiveness, the personal income tax and corporate income tax advantages applied for the period 2007–2012 were kept in place in 2013 for costs and investments incurred in those years to train employees in the use of new information and communication technologies, given the support that this measure may provide to a key industry.

In the sphere of corporate income tax:

- A temporary measure was introduced to place a partial limit for large corporations on tax-deductible amortization for tax periods beginning within 2013 and 2014 in order to achieve increased tax collections in those periods.

- In addition, there was kept in place for 2013 a lower corporate income tax rate rewarding micro-business job preservation and creation, in the light of the economic benefits that this measure may bring.

In support of businesses, a measure was introduced that encourages internal financing and affords improved access to capital markets: corporate income taxpayers, personal income taxpayers undertaking businesses, and non-resident income taxpayers operating in Spain through a permanent establishment are given the option to revalue their balance sheets. This accounting revaluation, which
has various regulatory precedents, uses widely known revaluation techniques and involves a low fiscal burden.

There is kept in effect for 2013 the wealth tax (*Impuesto sobre el Patrimonio*), which had been temporarily revived for 2011 and 2012 under Royal Decree-Law 13/2011, of 16 September, since it will help reinforce the public revenue of the Autonomous Communities.

In relation to non-resident income tax, as with personal income tax, a special levy is established on lottery winnings from the sources referred to above.

To secure harmonized fiscal treatment such as to enhance the efficiency of the financial system, a tax is created on deposits held with credit institutions (*Impuesto sobre los Depósitos en las Entidades de Crédito*).

The specific criteria determining eligibility for the special tax scheme for residential lettings are made more flexible.

Certain aspects are modified of the rules applicable to listed real estate investment companies (SOCIMIs). The main novelty is that such entities are taxed at 0% for income from the furtherance of their corporate objects and specific purpose.

Finally, given the present situation of the cigarette market, it is necessary to increase the minimum tax applicable to cigarettes to a figure of €123.97 per 1,000 cigarettes. In addition, cigarettes retailing at less than €188.50 per 1,000 cigarettes must sell at least at the increased minimum price of €132.97.

As with cigarettes, the statutory minimum prices for cigars, cigarillos and fine-cut tobacco intended for the rolling of cigarettes are updated by an increase similar to the minima for lower-priced tobacco products.
Chapter VIII

THE LABOUR MARKET
AND THE SOCIAL PROTECTION MODEL

Vocational Training Olympiad, IFEMA, 13-17 February 2013.
In recent years, like other developed countries, Spain has faced a process of far-reaching economic change, mainly as a consequence of economic globalization and the rise of information and communication technologies (ICT’s).

Globalization has prompted the emergence and development of new economic powers. This process is enabling millions of people to escape poverty, but is also creating fierce competitive pressures in economies such as our own. Moreover, the rise of ICT’s and other innovations is bringing about a transformation in the processes of production. Both these driving forces require businesses and workers to display an enormous capacity to adapt and survive in an increasingly demanding environment.

The international economic downturn has revealed that the regulatory framework of labour relations in Spain was inadequate to rise to these challenges. Therefore, more jobs have been destroyed in Spain throughout the crisis than in our peer economies. The Spanish labour market exhibited a range of traditional shortcomings that held back the employability of workers and dampened the competitiveness of businesses.

To rectify the high rate of long-term unemployment, the high volatility of unemployment levels, and the deep-seated duality of the labour market – segmented on the basis of the extent to which
employment contracts are protected – the latest Governments have undertaken various reforms to encourage economic growth to translate promptly into job creation. The transformation of the regulatory framework of labour relations is intended to improve the functioning of the Spanish labour market on the basis of flexibility and security, so as to promote business competitiveness and worker employability.

STATE OF THE LABOUR MARKET
Since the transition to democracy, the Spanish labour market has retained a high rate of long-term unemployment, powerfully exacerbated by economic downturns such as the present. During boom periods, unemployment never declined below 7.95%\(^1\) and topped out at 26% in recession periods\(^2\). High unemployment is compounded by an excessive rift in the labour market between permanent and temporary employees. This duality means that 40% to 50% of the employee population alternates periods of unemployment with temporary jobs. This state of affairs mainly affects young people and less skilled workers: these are also the population segments hardest hit by the high unemployment rates suffered by Spain in times of economic slump.

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\(^1\) Labour Force Survey (Spanish “EPA”), second quarter of 2007.
In recent years the labour force has shifted powerfully into the service sector. In 1982, 17.8% of workers were agricultural; industry employed 26.92% of the workforce; construction employed 8.10%; and the service sector only 47.4%. Today, almost three quarters, 74.99%, work in the service sector; industry accounts for 14.1% of workers, construction for 6.3% of workers, and agriculture for 4.6%.

The present economic crisis has again brought about severe effects on the labour market. Out of a working population of almost 23 million (59.8% activity rate), over one quarter (26.02%) is unemployed. Unemployment ranges from 15.93% in the Basque Country to 35.86% in Andalusia, and is particularly high among under 25s (51.1%). The construction sector is by far the one shrinking the most as a result of the crisis. In early 2007, 2,664,700 people – 13% of the active population – were employed in this sector. By late 2012, the figure had decreased to 1,073,900 people: 1,590,800 jobs had been lost.

INCREASED FLEXIBILITY OF THE LABOUR MARKET AND MODERNIZATION OF COLLECTIVE BARGAINING

In response to the state of the labour market, in February 10th 2012 the Government of Spain adopted Royal Decree-Law 3/2012 setting out emergency measures to reform the labour market. To incorporate the contributions of the various parliamentary groups, there was enacted Act 3/2012, of 6 July, setting out emergency measures to reform the labour market (Ley 3/2012), which included amendments proposed by all groups enjoying a parliamentary presence.

This labour law reform reflects the wage moderation agreement reached by Spain’s social actors, and has attracted the backing of institutions such as the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD), the Bank of Spain and the European Commission.

The reform places further emphasis on existing measures designed to make economic growth
translate quickly into job creation, and to transform the framework of labour relations in alignment with the needs of an increasingly complex and dynamic economic environment.

A scheme of flexibility and security is put into place so as to enhance businesses’ competitiveness and workers’ employability – these are the key objectives to be achieved in order to rise to the economic challenges of the 21st century.

As regards internal flexibility, the labour law reform measures are intended to encourage a reorganization of human resources and offer employers a range of alternatives to layoffs when facing cyclical fluctuations. In a manner consistent with these measures, the scheme of reform is also designed to modernize and lend dynamism to collective bargaining so as to move on from the present confrontational pattern to a culture of cooperation among social and economic actors.

In addition, the reform intends to bring the arena of negotiation closer to individual businesses, and introduce incentives so that higher-level industrywide agreements genuinely serve the needs of the present environment. The collective bargaining agreement reached at the level of the individual employer is accordingly now made to prevail over higher-level agreements, and the parties are allowed to derogate from the current agreement on justified grounds.

Finally, the labour law reform ends the unlimited automatic extension of existing collective bargaining agreements: automatic extension is now limited to a one-year period. This avoids the indefinite survival of employment terms agreed under a document whose originally intended duration has come to an end, since those terms may no longer be suited to the present economic and organizational reality of the business. In addition, the parties are invited expressly to negotiate the collective bargaining agreement on an ongoing basis.

As to external flexibility, the reform is designed to discourage the tendency to treat all dismissals as unfair by clarifying the grounds of dismissal and eliminating the practice of “express dismissal”. Indemnification for unfair dismissal is brought closer to the levels prevailing in other European countries by establishing a statutory benchmark indemnity of 33 days’ pay per year of length of service, capped at an amount equal to 24 monthly pay packets. The previous system was failing to assure employment stability, and still retained elements – such as government authorization for collective bargaining agreements – that needed to be superseded.

The reform contains numerous measures to improve employability, with a special focus on small and medium enterprises and young people. First, a new contract mode is created specifically designed for smaller businesses and entrepreneurs, the permanent contract in support of entrepreneurs, which attracts
major tax rebates and incentives for hiring young people and long-term unemployed people aged over 45. These benefits apply only to entrepreneurs creating stable employment. Extending probation periods to one year also encourages an increase in stable employment, particularly at times like the present, where uncertainty is high and may slow down the rate of hiring.

In addition, improvements are made to “training and learning” contracts, which are key to facilitate the transition from training to employment and offer opportunities to young people who dropped out of training prematurely, drawn by the high earnings available in the tourist and construction industries during the boom.

The new measures introduce workers’ entitlement to continuing training and requires that providers of training for employment be selected through competitive processes.

The new framework of labour relations stemming from the reform addresses the main problems of the Spanish labour market and, according to a majority
of economic analysts, will allow for mitigating difficulties such as high unemployment and the duality of the labour market.

The challenges now faced by Spain include upgrading the system of active policies to increase labour efficiency, with a special focus on training policies. This upgrade must be achieved on the basis of transparency, oversight and competition to provide services. Moreover, efforts are being made to address the serious problem of youth unemployment and to enhance planning and coordination among the various government authorities as regards employment policies.

SOCIAL ACTORS

The Spanish Constitution confers a key role on trade unions and employer organizations for the advocacy and promotion of the economic and social interests they respectively represent (Article 7).

The main social actors in Spain are, on the side of employers, the Spanish Confederation of Employer Organizations (CEOE) and the Spanish Confederation of Small and Medium Enterprises (CEPYME), and, on the side of workers, the Union Confederation of Worker Committees (CCOO) and the General Union of Workers (UGT). In early 2012 there was signed the Second Agreement for Employment and Collective Bargaining 2012, 2013 and 2014, containing key terms on wage moderation and internal flexibility.

THE ECONOMIC AND SOCIAL COUNCIL

The Economic and Social Council (CES) is an advisory government body concerned with socioeconomic and labour affairs. It is a public-law entity having its own legal personality, full capacity to act, and organizational and functional autonomy for the performance of its purposes; it is attached to the Ministry of Employment and Social Security.
Social Security is one of the institutions that stands highest in the public esteem. The protection it affords, based on a constant search for an efficient and modernized management model, is the outcome of a collective effort first undertaken in 1883.

That year saw the creation of the Social Reform Commission, which was concerned to evaluate policies that might support the welfare of the working classes. Soon afterwards, in 1890, the first social insurance was introduced and the Occupational Accident Law was enacted. Awareness of social protection issues, with a clearly universal scope, increasingly took centre-stage, and, in 1908, there was founded the National Institute of Provision.

However, at that stage there was yet to emerge a fully integrated Social Security model. The various protection mechanisms arose gradually and in piecemeal fashion: workers’ retirement provision (1919), mandatory maternity insurance (1923), unemployment insurance (1931), sickness insurance (1942) and mandatory old age and disability insurance (SOVI) (1947).

It was precisely the remaining gaps in the system that prompted the emergence of labour-related mutual societies, which were designed to supplement social protection on the basis of the various occupational sectors. However, under this model the Social Security concept did not attain full maturity, because there were numerous entities offering disparate treatment: this meant the system could never be managed to full effect.

1963 saw the enactment of the Social Security Framework Law, the main purpose of which was to introduce a single, integrated social protection model, on a distributed financial basis, under public management, and partly supported by State funds. Despite the promulgation of guiding principles – partly in the General Social Security Law of 1966, which came into force on 1 January 1967 – several old contribution systems survived that bore little relation to workers’ real wages. The trend toward unity did not come to fruition, since many overlapping entities survived.

The Protective Action Financing and Improvement Law of 1972 was intended to rectify the financial difficulties, but failed, insofar as it was an attempt to enhance protective action but did not establish the necessary funding resources that would afford financial coverage.

The Spanish Constitution provides that “public powers shall maintain a public regime of Social Security for all citizens such as to assure sufficient assistance and social benefits in the face of hardship, particularly in the event of unemployment,” and further establishes that “supplemental assistance and benefits must be free” (Article 41).
The renewal of the guiding principles of the Spanish social protection model led to the enactment of Royal Decree-Law 36/1978 of 16 November, which, in accordance with the terms agreed under the Pacts of Moncloa, created a system of institutional participation involving social actors, and specified a new management system to be implemented by the following bodies:

- The National Institute of Social Security (Instituto Nacional de la Seguridad Social) to manage the economic benefits within the system.
- The National Institute of Health (Instituto Nacional de Salud) for healthcare benefits (this body was later renamed the National Institute of Health Care Management, Instituto Nacional de Gestión Sanitaria).
- National Institute of Social Services (Instituto Nacional de Servicios Sociales) (this entity was later renamed the Institute for the Elderly and Social Services, Instituto de Mayores y Servicios Sociales).
- The Social Institute of the Navy (Instituto Social de la Marina), for management concerning maritime workers.
- The General Treasury of Social Security (Tesorería General de la Seguridad Social), as the central cash management entity of the system, operating under the principle of financial solidarity.

It was therefore clear that the social protection model was and continues to be called upon to adapt to emerging circumstances.

In the 1980s, benefits were extended to new population groups and the system was endowed with improved financial stability. This stability requires that certain basic rules be abided by, such as the gradual matching of contribution bases to real wages, a commitment to increase the value of pensions in step with the ability of the system to do so, proportionality of contributions made to benefits received, and a commitment not to burden the system with the funding of policies unrelated to its purposes. For many years, workers’ and employers’ contributions had funded non-contributory benefits that ought properly to have been sustained by general taxation. This anomaly was ended in 2012, when the process of the separation of funding sources was brought to completion. All these factors now form part of the backbone of the system.

However, the challenges in this field range beyond the issues referred to above. Social Security affords coverage to a highly heterogeneous group of people whose living practices are widely different from those prevailing even a decade ago; this calls for accessible government able to save citizens’ time by dint of efficient management.

The introduction of mobile units and the creation of a Social Security Agency are set to become the necessary hallmark of a protection system that
undergoes constant change.

Today, Spanish Social Security pays out close to nine million contributory pensions every month, more than half of which (57%) are retirement pensions. The system's average pension comes to €833.63. This amount has trebled over recent years: the average pension in 1990 was the equivalent of €267.23.

Minimum pensions have also multiplied their amount in recent years. For example, the minimum pension for a retiree having a dependent spouse has increased from €195.69 in 1986 to €763.60 in 2012. The minimum widowhood pension for over-65s was €136.43 in 1986; it had reached €618.90 by 2012.

In 2012, all pensions were increased by 1%. This increase applied to 8,980,993 pensions. In 2013, all pensions will again be increased by 1%. In addition, pensions amounting to less than €1,000 monthly will be increased by a further 1%: this measure benefits seven out of every ten pensions.

THE SOCIAL SECURITY RESERVE FUND

To meet pension payments and assure their sustainability, in 1997 there was created the Social Security Reserve Fund so as to protect the system against difficulties as far as practicable. The Fund, which originated in the terms agreed under the Pact of Toledo of 1995, consists of surplus contributory receipts resulting from the settlement of Social Security budgetary items which, in accordance with prevailing laws and regulations, must be allocated primarily to the Fund. Thanks to this setting-aside, the Fund holds €63,398 million, or 5.96% of GDP as at 31 December 2012.
THE IMPACT OF IMMIGRATION ON THE SPANISH ECONOMY

During the years of economic boom, the dynamism of Spanish society began to attract foreign workers. In 1981, there were 198,042 foreign nationals in Spain (0.52% of the total population). By 1996, this figure had increased to 522,314 (1.37%); foreign nationals stood at 3,034,326 (7.02%) by 2004, and in 2008 reached a total of 5,220,600 (11.3%).

In 2012, foreign nationals came to 5,736,528, or 12.1% of the total population; 3,292,461 were third-country nationals, while 2,443,617 were European Union citizens and their family members.

Highlights among these figures include approximately 900,000 Romanian citizens and over 800,000 Moroccan nationals; the next largest foreign communities are those of Ecuador, Colombia, Bolivia and China. As to European Union citizens, besides the Romanian community mentioned above, the leading groups were those of the United Kingdom, Germany, Italy and Bulgaria.

The economic recession has hit immigrant workers in Spain especially hard, mainly as a result of their higher exposure to the sectors most affected by the downturn, such as construction.

The unfolding since mid-2007 of the international financial crisis caused a credit squeeze which in turn led to a sharp drop in consumption and investment, and laid bare certain structural problems that now form the target of attempted solutions.

The present state of affairs is reflected by the data on immigrant registrations with Social Security. In 2008, 1,938,632 foreign nationals (European Union and non-EU) were registered; by the end of 2011, this figure had declined to 1,738,922.

In December 2012, there were 1,645,851 foreign nationals registered with Social Security. Registered non-EU nationals came to 1,032,953, while registered European Union citizens totalled 612,898.

By sector of activity, the distribution of Social Security registrations paints a picture of the kinds of jobs that tend to be taken by the foreign community, which continues to be a powerful driver of the economy. Using approximate figures, highlight sectors include hospitality (260,000), retail trade, motor vehicle and bicycle repairs (250,000), administrative activities and auxiliary services (120,000), construction (110,000), and manufacturing (105,000). All these registrations come under the general scheme and, to a lesser extent, the special scheme for self-employed workers. In addition, approximately 225,000 registrations correspond to workers under the special agricultural scheme and the special domestic service scheme.

The leading regions by foreign national registrations are Catalonia, Madrid and Andalusia. By national communities and number of registrees, the highlights...
are Morocco, Ecuador, Columbia and China, and, among European Union nationalities, Romania, the United Kingdom, Italy and Bulgaria.

The Spanish Government continues to treat as a priority the management of migratory flows in accordance with the needs of the labour market, social integration of immigrants and the fight against irregular labour.

Against this background, now more than ever it is necessary for the real needs of the labour market and the number of working and jobseeking immigrants already in Spain to reach a balance.

Despite budgetary constraints, policies are maintained in the field of integration, extending to social cohesion projects. A key bulwark of this effort consists of the range of first-step host programs, given that our country lies on Europe's southern frontier.

Given the current situation, the Government has accorded priority to voluntary return policies for foreign nationals who have lost their jobs and desire to return to their respective countries of origin in the framework of mutual cooperation and reintegration programs.
Spain is a social and democratic State under the rule of law (Article 1 of the Spanish Constitution of 1978). Its justice system accordingly provides effective redress for citizens’ legitimate rights and interests, and a means of dispute resolution to which citizens may resort to seek a judicial decision.

Recently, the legal certainty and assurance offered by the Spanish statutory framework has been bolstered by a comprehensive agenda of structural reforms designed to provide an increasingly agile and effective Justice Administration.

ORGANIZATIONAL STRUCTURE OF THE JUDICIARY

The Spanish Constitution of 1978 establishes that justice emanates from the people and is administered in the name of the King by magistrates and justices of the judicial branch of government – they are independent, irremovable, responsible for their actions and subject only to the rule of law. The Constitution establishes the principle of jurisdictional unity as the touchstone of the organizational structure and functioning of the court system.

The framework statute on the organizational structure of the judiciary is the Judiciary Act of 1985 (Ley Orgánica del Poder Judicial 6/1985), which, among other matters, governs the scope and limits of jurisdiction, territorial organization, composition
and powers of judicial bodies, the governing organs of the judiciary, judicial careers, independence and responsibility, the rules on the organizational structure and functioning of the Justice Administration, and the Office of the Crown Prosecutor (Ministerio Fiscal).

The governing organ of the judiciary is the General Council of the Judiciary (Consejo General del Poder Judicial), chaired by the presiding justice of the Supreme Court (Tribunal Supremo), and comprising a further twenty members appointed by the King for a five-year term. Of these members, twelve must be magistrates or judges drawn from all judicial categories; four are nominated by the Lower House of Parliament, and four are nominated by the Upper House of Parliament, in both cases by a vote of three fifths of the members of each house. Such members of the General Council of the Judiciary must be selected from among reputable advocates and other jurists who have practiced the profession for at least fifteen years.

At present, for judicial purposes, the country is organized territorially into municipalities, circuits (partidos), provinces and Autonomous Communities.

The specific nature of the action submitted to a judicial decision determines each of the orders into which
the jurisdictional function is structured. The ordinary jurisdiction is divided into four jurisdictional orders:

• Civil: In addition to specifically civil actions, the civil jurisdictional order hears any litigation not expressly within the purview of another jurisdictional order. It may accordingly be regarded as the ordinary or general jurisdictional order.

• Criminal: The criminal jurisdictional order is competent to hear criminal and penal actions and trials, except those within the scope of the jurisdiction of courts martial. It is a feature of Spanish law that a civil action arising from facts constituting a criminal offence may be brought in conjunction with the criminal action. When this occurs, it is the criminal court that awards civil damages in respect of the crime or misdemeanour.

• Contentious-Administrative: This jurisdictional order is concerned with review of actions of the executive branch of government subject to administrative law, claims for State liability, and review of the use of delegated regulatory powers.

• Social: The social jurisdictional order hears claims brought within the social branch of law, individual disputes between workers and employers in respect of employment contracts, collective labour disputes, claims regarding Social Security, and claims against the State wherever labour legislation establishes State liability.

Each jurisdictional order contains organs specializing in specific fields. The civil order, for instance, comprises courts of first instance, commercial courts, and family law courts; the criminal order comprises examining courts, penal courts, gender violence courts, prison supervision courts and courts of minors.

The jurisdiction of courts martial stands outside the ordinary jurisdiction, constituting an exception to the principle of jurisdictional unity.

The following are the judicial organs of Spain:

• The Supreme Court (Tribunal Supremo), having jurisdiction throughout Spain, is the supreme organ in all jurisdictional orders, except as regards constitutional safeguards, which fall within the purview of the Constitutional Court. The Supreme Court is
divided into five divisions: The Civil Division, the Criminal Division, the Contentious-Administrative Division, the Social Division and the Court-Martial Division. The Supreme Court comprises a presiding justice, appointed by the King at the behest of the General Council of the Judiciary, the justices presiding each division, and such justices as the law determines for each division and bench.

- The National Court (Audiencia Nacional), having jurisdiction throughout Spain, is a specialized court that hears certain cases assigned to it by law. In matters of criminal law, for instance, the National Court is competent to determine cases concerning offences against the Crown or members of Government, organized crime offences, such as terrorism, drug trafficking, or counterfeiting, and offences committed outside Spain wherever Spanish law or international treaties prescribe that jurisdiction falls to the Spanish courts. The National Court comprises a presiding justice, the justices presiding each division, and such justices as the law determines for each division and bench: the Appeals Division, the Criminal Division, the Contentious-Administrative Division, and the Social Division. In addition, the National Court comprises several Central Courts: six examining courts, one criminal court, twelve Contentious-Administrative courts, and one court of minors.

- Courts of First Instance and Preliminary Instruction (Juzgados de Primera Instancia e Intrucción); Commercial Courts (Juzgados de lo Mercantil); Gender Violence Courts (Juzgados de Violencia de Género); Criminal Courts (Juzgados de lo Penal); Contentious-Administrative Courts (Juzgados de lo Contencioso-Administrativo); Social Courts (Juzgados de lo Social); Courts of Minors (Juzgados de Menores); and Prison Supervision Courts (Juzgados de Vigilancia Penitenciaria). Each of them comprises a single judge who hears cases assigned to his or her jurisdiction by law.

- Each Provincial Court (Audiencia Provincial) has its seat in the capital of the province of its jurisdiction. Provincial Courts are concerned with civil and criminal matters, and their respective benches may have the same membership. Each Provincial Court comprises a presiding justice and two or more further judges.

- Courts of First Instance and Preliminary Instruction (Juzgados de Primera Instancia e Intrucción); Commercial Courts (Juzgados de lo Mercantil); Gender Violence Courts (Juzgados de Violencia de Género); Criminal Courts (Juzgados de lo Penal); Contentious-Administrative Courts (Juzgados de lo Contencioso-Administrativo); Social Courts (Juzgados de lo Social); Courts of Minors (Juzgados de Menores); and Prison Supervision Courts (Juzgados de Vigilancia Penitenciaria). Each of them comprises a single judge who hears cases assigned to his or her jurisdiction by law.

- Justices of the Peace (Juzgados de Paz) operate in municipalities having no Court of First Instance and Preliminary Instruction.
THE OFFICE OF THE CROWN PROSECUTOR

The Office of the Crown Prosecutor (Ministerio Fiscal) is a functionally autonomous organ within the judiciary. It carries out its duties by means of its own organs in accordance with the principles of unity of action and hierarchical subordination, and the principles of legality and impartiality.

The objects of this institution are to assist the enforcement of justice in defence of legality, the rights of citizens and the public interest protected by the law, whether on its own motion or at the behest of interested parties, and to safeguard the independence of the courts and defend the public interest in court proceedings. Specifically, the Crown Prosecutor must:

• See that the jurisdictional function is properly exercised pursuant to the law and within the time limits and under the terms determined by law, and, where appropriate, to institute such actions, appeals and proceedings as may be required.

• Take part in criminal proceedings by urging the judicial authorities to adopt such interim measures as may be appropriate, and to take such investigative steps as may accurately discover the facts.

• Take part in civil proceedings when so required by law if the public interest is engaged or minors, incapacitated persons or otherwise defenceless parties are affected, until ordinary mechanisms of assistance and representation are provided.
• Where the criminal liability of minors is concerned, to exercise the functions commended by specifically applicable laws and regulations, acting in the best interests of the minor.

The Crown Prosecutor of the State, appointed by the King at the behest of the Government, the General Council of the Judiciary having been heard, is the head of the Office of the Crown Prosecutor and represents that Office throughout Spain. The Crown Prosecutor of the State has powers to issue appropriate orders and instructions in the service of the institution and for the purposes of its internal order, and is in charge of the general management and supervision of the Office of the Crown Prosecutor.

MAIN LEGAL PROFESSIONS
JUDGES, CROWN PROSECUTORS AND COURT CLERKS

The Judiciary Act prescribes that jurisdictional functions must be exercised only by professional judges and magistrates, who make up the judicial profession. The profession comprises three categories: justice of the Supreme Court, judge and magistrate.

Entry to the judicial profession is mediated by the principles of merit and ability. Judicial appointments, the selective process of which is conducted in conjunction with appointments to the profession of Crown Prosecutor, are subject to passing a competitive examination and a theoretical and practical selection course. Candidates must hold a degree in law or equivalent qualification.

When in active service, judges, magistrates and Crown Prosecutors may not hold any other public office, nor may they be members of any political party or trade union; they are subject to a statutory regime of conflicts of interest designed to assure that they are entirely independent.

Court clerks (secretarios judiciales), whose duty it is to exercise judicial authentication, are civil servants; they constitute a senior legal corps of the civil service within the Justice Administration, which is a division of the Ministry of Justice. As a rule, court clerks are selected through a competitive examination system. Candidates must hold a law degree or an equivalent qualification. They perform a key role in facilitating proceedings and managing the court administration office, inter alia.

ADVOCATES AND PROCURATORS

The profession of the advocate (abogado) is open and independent. Advocates are not subject to any government authority, and practice their profession on the basis of open competition. They are involved in managing and defending citizens’ interests in
all manner of court proceedings, legal advice, and representation of their clients, unless reserved by law to other legal professions. All advocates are under a duty to register as members of a bar association.

Procurators represent the rights and interests of the parties as before the courts of justice under a power of attorney granted for the purpose, and receive all communications relevant to their clients. All procurators are likewise under a duty to register as members of a professional body.

Entry to the profession of advocate or procurator is subject to the holding of a university degree in law, or an equivalent qualification, and to proof of professional competence, by passing the relevant specialized training prescribed by the Entry to the Legal Professions Act of 2006 (Ley 34/2006).

Advocates are paid fees with reference to services rendered, on a fixed or periodic basis, or billing by the hour. Fees may be freely agreed between client and advocate, within the bounds of the relevant code of conduct.

Procurators are members of the College of Procurators (Colegio de Procuradores), the governing board of which sees to it that they perform their duties effectively and adequately.

**NOTARIES AND REGISTRARS**

Notaries and registrars are public officials who are directly accountable to the Ministry of Justice; however, they are also members of professional bodies known as Colegios.

The notary’s role is to authenticate private legal acts; he or she assists in the correct formation of such acts, and solemnizes the manner and form in which such acts are expressed.
The role of the registrar is to characterize or verify the legality of documents presented for entry in the public registers of land and companies, which respectively record rights regarding real property and companies, and other acts.

Entry to the legal professions of notary and registrar is subject to the holding of a law degree, or an equivalent qualification, and to the passing of a competitive examination. Members of both professions are remunerated in the form of fees paid directly by members of the public requiring their services, under a system of regulated fees approved by the State.

**KEY REFORMS UNDERTAKEN BY THE MINISTRY OF JUSTICE**

**NEW JUDICIAL OFFICE**

The Ministry of Justice continues to move forward with an exceptionally important project to modernize judicial structures: the New Judicial Office (Spanish "Nueva Oficina Judicial, NOJ").

In late 2009, with the support of all parliamentary groups, there was adopted the New Judicial Office Act of 2009 (Ley 13/2009), which came into force on 4 May 2011, and a statute amending the Judiciary Act (Ley Orgánica 1/2009).

The New Judicial Office entails a comprehensive transformation of the organizational structure and functioning of the courts by endowing them with a more modern and efficient structure. In addition to units providing direct support to magistrates and judges, specialized central services are created in the various fields of procedural management, which will cater to several courts simultaneously. Moreover, new functions and duties are assigned to court clerks as regards office management so as to remove the burden of non-jurisdictional tasks from judges, so enabling the latter to focus on their constitutionally ascribed role of arriving at judicial decisions and having them enforced.

Plans are in motion for the reform of the organizational structure of the judiciary to culminate with the creation of the Instance Courts (Tribunales de Instancia), the implementation of which will supersede the circuit-based model of today; territorial organization will thus be adapted to present needs, making for a far more flexible structure. Instance Courts consist of a collegial judicial model of provincial scope embracing all locally competent judges, so lending improved predictability to decisions and thus reinforcing legal certainty.

The introduction of the New Judicial Office is being undertaken gradually. The institution was set in motion in 2010 in the cities of Burgos and Murcia. In 2011, it came into operation in Ciudad Real, Cáceres, León,
Cuenca and Mérida. In addition, Palma de Mallorca, Ceuta and Melilla have had refurbishment work performed on their court buildings with a view to the opening of the New Judicial Office. 2012 was a year of assessment of the progress made so far towards the introduction of this new model and the correction of detected difficulties. It is planned that in 2013 the next implementation phase will be undertaken; the most immediate step will be the effective deployment of the New Judicial Office in Ceuta.

**COURT BUILDINGS**

In order to provide the necessary spaces for the performance of judicial functions, the Ministry of Justice builds new buildings and improves and modernizes existing ones, while equipping all facilities with appropriate fixtures.

In 2012, the second phase of the Murcia Law Courts was completed, as were the new court buildings in Mahón (Minorca) and Almagro (Ciudad Real), and the Burgos courthouse was renovated. In addition, building work was completed on the courthouse of Almendralejo (Badajoz), as well as a number of minor actions, including the refurbishment of the courthouses of Puertollano (Ciudad Real) and Sigüenza (Guadalajara). In the final quarter of 2012, renovation work was begun on the National Court building.

Work is also underway on the new courthouses...
NEW TECHNOLOGIES

Spain’s Justice Administration is increasingly sustained by new technologies for the day-to-day management of judicial activities and as a way to help resolve specific problems requiring computer assistance. Recently adopted measures in this field include:

• In 2012, it began the Intensive Processing Plan for Outstanding Nationality Applications from foreign residents. The plan involves the digitization and recording of the respective case files until they are fully converted into electronic form, and is supplemented by a request that land and company registrars prepare a report enabling final decisions on the applications.

• In addition, after the enactment of the Victims of Terrorism Recognition and Redress Act of 2011 (Ley 29/2011), the development has been completed of the System of Information to and Assistance for Victims of Terrorism. This system will provide the Office for Information to and Assistance for Victims of Terrorism of the National Court (OIAVT) with a tool to manage case files and citizen access over the Justice Administration Portal, so enabling citizens to view full information on proceedings affecting them.

• In 2012, the legal framework was specified for the Judicial Interoperability and Security Scheme, which interconnects different procedural management systems, and connects the latter to non-judicial organs, such as the Revenue Agency or the the Ministry of Home Affairs. The secure electronic information exchange platform LexNet has accordingly supported actions to incorporate new user groups so as to widen the network of communications between the Spanish courts and the court systems of fourteen other European Union Member States within the European e-CODEX interoperability system, and extend the practice of electronic filings to the State Counsel’s Office.
2012-2014 ACTION PLAN OF THE SECRETARIA GENERAL OF THE JUSTICE ADMINISTRATION

Adopted in 2012, the action plan focuses on modernizing the Justice Administration as an essential element for socio-economic competitiveness. The plan was prepared on the basis of an exhaustive process of evaluating problems and requirements, having regard to the present economic context in which public expenditure containment is of the essence, such that priority must be accorded to those actions that are most efficient and necessary to improve the justice system.

The action plan equips the Ministry of Justice with a management tool to focus its main efforts on the most important projects, so facilitating the coordinated mobilization of available resources to achieve planned objectives and enabling decision-making to take place with reference to a comprehensive perspective, while promoting transparency throughout the Justice Administration.

The lines of action are:

• Reorganizing judicial activities by means of the New Judicial Office and the planned future introduction of the Instance Courts (Tribunales de Instancia).

• Rationalizing the creation and functioning of judicial organs through a far-reaching reform of judicial jurisdictional boundaries and establishments and monitoring of judicial statistics.

• Supporting the role of the Senior Legal Corps of Court Clerks and the rest of civil service bodies serving in the Justice Administration by applying effective human resource management.

• Encouraging cooperation among the authorities concerned, with continuing cooperation with the General Council of the Judiciary, the Office of the Crown Prosecutor of the State, and the Autonomous Communities.

• Developing applications and services assisting the procedural management of cases being heard by the courts and gradually introducing new working methods.

The plan is subject to assessment, so that preventive and corrective action can be taken in response to any incidents and shortfalls arising upon implementation of targets, through a Management Committee acting as a supervisory body that issues final approval for the work to be done, and a Monitoring Committee that sees to it that objectives are achieved and planning is followed.

LEGISLATIVE AND REGULATORY ACTION

In 2012, the regulatory strategy of the Ministry of Justice was planned for the new legislative term now in progress. Current initiatives aim to improve the quality of the legal framework assuring citizen rights and to reinforce the role of the Justice Administration.
as a contributor to the competitiveness of the Spanish economy.

• A highlight is the enactment and implementation of new channels to resolve disputes in a faster and cheaper way for citizens and companies, under the Civil and Commercial Dispute Mediation Act of 2012 (Ley 5/2012). This statute introduces a new way of resolving disputes, thus encouraging the emergence of a new culture in this field.

• In addition, progress has been made towards the necessary rationalization of litigiousness and the safeguarding of free legal assistance, under the Justice and Toxicology and Forensic Duties Act of 2012 (Ley 10/2012). The new statutory rules on judicial fees are coupled with the preservation of free justice, thus allowing access to judicial remedies to be assured on a continuing basis, as warranted to Spanish nationals by the Constitution.

• Moreover, efforts for reform and modernization have continued in the field of company law to enable Spanish companies to be more agile. The Company Merger and Spinoff Documentation and Reporting Duties Streamlining Act of 2012 (Ley 1/2012) continues the policy of reducing the burden on companies encouraged by the European Union; this statute helps create a company law environment that is better suited to the realities of today’s market and to the possibilities for lowering the costs of duties of public disclosure by the use of the Internet and websites.

• Moreover, consumer rights have been bolstered by the enactment of the Timesharing, acquisition of long-term holiday products, resale and exchange and tax regulations Act of 2012 (Ley 4/2012). The new regime also helps compliant industry players to thrive by protecting them from unfair competition and removing barriers to cross-border trade.

• What is more, work has continued on implementing regulations in accordance with the Insolvency Reform Act of 2011 (Ley 38/2011) so as to assure higher professionalism and responsibility among insolvency administrators. The adoption of Royal Decree 1333/2012 of 21 September, governing civil liability insurance and equivalent security given by insolvency administrators, provides the legal certainty required in this field by assuring that the risks inherent in performing the duties of an insolvency administrator are covered.

• What is more, 2012 was a year in which progress was made in the preparation of the major reforms of the key statutes that presently govern the Spanish justice system. The reform of the Judiciary Act, the Judicial Districts Act and the Criminal Procedure Act forms a major component of the modernization of the Spanish justice system:

- In March 2012, by a resolution of the Council of Ministers, there was created an Institutional Commission of independent experts, who were tasked with drafting a new Judiciary Act and a new Judicial Districts Act. The reform of these vital statutory mainstays will lay the groundwork for the complete transformation of the Justice Administration.
In 2012, the Institutional Commission completed the task assigned to it. The process of consultation, discussion and parliamentary processing of both of these reform bills is planned for 2013. A key part of the process has been brought forward, such as the reform of the General Council of the Judiciary, the supreme governing organ of the judicial branch of government, since the draft bill updating the statutory provisions on this major institution – to bolster its independence, rationalize its organizational structure and improve its functioning – is already in the process of being considered by the Spanish parliament.

In this field, the Justice Administration Budgetary Efficiency Act of 2012 (Ley Orgánica 8/2012) has been passed. The aim of this statute, inter alia, is to complete the process of professionalization of the exercise of jurisdictional functions by establishing a regime of substitutions within the judicial profession.

Moreover, 2012 also saw the creation, by a resolution of the Council of Ministers dated 2 March 2012, of an Institutional Commission of independent experts tasked with drafting a bill that will serve as the basis for the Government to reform the Criminal Procedure Act (Ley de Enjuiciamiento Criminal). This is an ambitious undertaking, because the criminal jurisdiction is the only one of the four jurisdictional orders that is lacking an updated procedural statute.

- In the criminal law arena, in 2012 work was done on
preparing a major reform of the current Penal Code. The reform, now in the process of being considered. Highlights include a review of the criminal justice system in response to new forms of crime and the most serious crimes, in line with the approach taken by the countries most closely aligned with our legal environment. What is more, the Transparency, Tax Fraud and Social Security Penal Code Reform Act of 2012 (Ley Orgánica 7/2012) has now been enacted. This statute specifically targets the review of the criminal justice system in relation to economic crime.

Also in the field of criminal law, in 2012 progress was made in the drafting of the Statute of the Victims of Crime (Estatuto de la Víctima), which will be considered by parliament throughout 2013.

- Work is also being done in the following fields: a new Commercial Code; a Voluntary Jurisdiction Bill; adaptation of Spanish legislation to the United Nations Convention on the Rights of People with Disabilities; the reform of the Contentious-Administrative Act; and the consolidation of the procedures relating to the registration and protection of charitable foundations.
Chapter X
HEALTH, SOCIAL SERVICES AND EQUALITY
The Spanish Constitution of 1978 establishes the right of all citizens to effective protection, the protection of their health, and equal access to efficient healthcare of the highest possible standard. These provisions, contained in Articles 41, 43, 49 and 51, marked a major step forward in social terms because they recognized the right to healthcare as an objective, personal and non-contributory public right. Moreover, they guaranteed the equality of content of the right among all citizens without discrimination and equal access to the material contents of the service.

To implement the mandates of the Constitution, the process of transferring powers in health and sanitation (public health) to the Autonomous Communities began in 1979 and continued over subsequent years. These powers are now exercised by the Autonomous Communities and the Autonomous Cities of Ceuta and Melilla. The decentralization of powers for the management of health services then managed by the National Institute of Health (Instituto Nacional de la Salud, INSALUD) began in 1981 with the transfer of the relevant powers to the Autonomous Community of Catalonia; between 1984 and 1994, this process was extended to Andalusia, the Basque Country, Valencia, Galicia, Navarre and the Canary Islands. In the final stage, powers were transferred to the remaining Spanish regions, which process culminated in January 2002. Central Government continues to manage healthcare services for the Autonomous Cities of Ceuta and Melilla through the National Institute of Health Care Management.
This transfer of powers to the Autonomous Communities is a way of bringing healthcare management closer to citizens. Past and present relations between the State and the Autonomous Communities in the field of health protection have led to the creation of points of reference for working towards cohesion in a State that comprises several Autonomous Communities. The concerted effort made by all agents in this regard is underpinned by the goal of retaining the common identity of the National Health System (Sistema Nacional de Salud, SNS) and ensuring that it remains true to the constitutional principles of unity, autonomy and solidarity on which the State is founded.

In the current context of total decentralization of healthcare, in which the Autonomous Communities determine how healthcare services are to be organized or provided, the role of the Ministry of Health, Social Services and Equality has been reoriented towards coordinating the National Health System and drawing up global strategies to ensure equity, quality and efficiency, acting as a basic instrument of cooperation to further regional initiatives.

Notwithstanding the above, border health control and international healthcare agreements and relations remain the exclusive competence of Central Government. Other areas that remain under the responsibility of Central Government include the bases and general coordination of health, pharmaceutical legislation and the awarding, issuing and recognition of professional post-graduate qualifications.

**THE NATIONAL HEALTH SYSTEM**

On 25 April 1986, the Spanish Parliament passed the General Health Act (Ley 14/1986), whose aim is specified in its first article: the regulation of all actions to allow the exercise of the constitutional right to health protection. The Act set up a National Health System with universal coverage and a primarily public provision under the State Budget that included all the Health Services of Central Government as well as those of the Autonomous Communities.

The approval of the General Health Act marked a leap forward for Spain’s healthcare context because it merged all existing public health and welfare resources into a single mechanism, based on those of Social Security, and because it integrated health promotion and disease prevention policies and activities with medical and pharmaceutical services.

Following the transfer of healthcare powers to the Autonomous Communities, the legal framework had to
be completed in 2003 with the Quality and Cohesion of the National Health System Act (Ley 16/2003), which provides for coordination and cooperation between public health authorities as a way to ensure the right of citizens to health protection, with the common goal of guaranteeing equal access to services, the quality thereof and citizen participation.

More recently, Royal Decree-Law 16/2012 of 20 April was passed, which sets out emergency measures to ensure the sustainability of the National Health System and improve the quality and safety of its services. This legislation has introduced certain reforms to ensure the viability of the system while upholding the right of citizens to health protection. Hence, this Royal Decree-Law amends the Quality and Cohesion of the National Health System Act so that the covered or beneficiary status of an individual, in the cases specified in the legislation, is what
determines the right to healthcare in Spain financed through the National Health System with public funds. Royal Decree 1192/2012 of 3 August\(^1\) implementing the above legislation sets out the procedure for the recognition of covered or beneficiary status and for the control and withdrawal of such status for the purposes of healthcare entitlement.

The savings obtained from these healthcare reform measures stood in excess of €1,200 million by late 2012.

**COORDINATION IN THE NATIONAL HEALTH SYSTEM**

The Inter-regional Council of the National Health System (Consejo Interterritorial del Sistema Nacional de Salud) is a permanent body for coordination, cooperation, communication and information among the Health Services and between them and Central Government. It was set up to foster cohesion in the National Health System through the effective guarantee of the rights of citizens throughout Spain. The Minister for Health, Social Services and Equality and the Regional Ministers for Health of the Autonomous Communities and Cities all sit on the Council.

The Inter-regional Council is chaired by the Minister for Health, Social Services and Equality. One of the

\(^1\) Royal Decree 1192/2012 of 3 August governing covered or beneficiary status for individuals under the Spanish National Health System funded by public funds.
Ministers for Health of the Autonomous Communities is elected by and from the Ministers who sit on the Council to perform the role of Vice-Chair. The Inter-regional Council of the National Health System meets in full session and as an Executive Committee, Technical Committees and Working Groups. The decisions of the Council are expressed through recommendations adopted, where appropriate, by consensus. The Council meets in full session at least four times a year. The members present at the plenary session are the heads of healthcare in Spain, so this assembly is the highest-level authority in this respect. The Executive Committee assists in the preparation of meetings and is composed of the Secretary-General for Health and Consumer Affairs (acting as chair), a representative of each Autonomous Community with the rank of deputy regional minister, and a representative of the Ministry of Health, Social Services and Equality (acting as secretary). Social participation in the National Health System takes place through the Advisory Committee, which benefits from the institutional involvement of trade unions, employers’ organizations and consumer and user bodies.

ORGANIZATION OF THE NATIONAL HEALTH SYSTEM

The Autonomous Communities have approved their respective regulations under the provisions of the General Health Act. These regulations set out the terms for the management of resources and the structure of the Health Service of the Community in question while upholding the basic principles of the Act. The Health Service of each Autonomous Community covers all of its public medical centres and services and acts as a management body for all public healthcare in the Community. Each Health Service depends, in turn, on the health department of the Autonomous Government (Regional Ministry of Health), which draws up guidelines and regulations on financing, planning and public health in the region.

The National Health System is organized according to the principles on which it was founded. Given its universality and solidarity, the system must guarantee equal access to services for all citizens. Moreover, since it is publicly funded, expenditure must follow criteria of efficiency. Hence, the National Health System is organized into two healthcare levels or contexts, in which accessibility and technological complexity are found in inverse proportion to one another.

The health services of the first level –primary care– are characterized by their accessibility and sufficient technical capacity to fully address common health problems. The second level –specialist care– is where we find the system’s most complex and costly diagnostic and/or therapeutic means. The efficiency of these resources is very low if they are not concentrated and citizens initially obtain access to them by referral from primary care doctors.
Primary care provides the population with a range of basic services that can be reached from any place of residence in an average of fifteen minutes. Medical centres are the basic healthcare entities; they are staffed by multidisciplinary teams of family doctors, paediatricians, nurses, administrative staff and, occasionally, social workers, midwives and physiotherapists. Given its position in the community, this level has responsibility for health promotion and disease prevention.

Primary care services can visit citizens at home when necessary, which illustrates the accessibility and guarantee of equal access at this care level. Specialist care is provided in hospitals and specialist clinics as an outpatient or inpatient service. Following this type of care, the patient and the relevant clinical information are referred back to the primary care doctor who, now with the full set of patient medical records, can obtain a clinical picture and therapeutic overview. This ensures equal continued care regardless of place of residence and individual autonomy, given that the service visits the patient at home if need be.

Within this structure, healthcare resources are allocated primarily within set demo-geographical boundaries called health areas. These are set by each Autonomous Community taking into account several factors with the most important being to locate the services near their users.

SERVICES COVERED BY THE NATIONAL HEALTH SYSTEM

The services provided to citizens by the National Health System include preventive, diagnostic, therapeutic, rehabilitative and health maintenance and promotion activities. The primary care level covers general medicine and paediatrics, programmes for disease prevention, health promotion, health education and rehabilitation. Primary care teams carry out these activities based on their “portfolio of services”, which is planned according to the healthcare needs of their catchment area (women’s health, child health, adult and elderly health, oral health, terminal patient care, and mental healthcare).

Specialist care in hospitals and on an outpatient basis includes all medical and surgical specialties for acute conditions and flare-ups of chronic disease. There is also a 24-hour care mechanism for Emergency Health Care and Medical Emergencies. Both primary care and specialist and emergency care are free at the time of use. The user participates in the cost of the provision of pharmaceutical products by paying a percentage of the product price, depending on income, employment status and whether he or she is chronically ill. In general, the contribution percentage is 60% for incomes over €100,000, up to a maximum of €60 per month for pensioners. For incomes under €100,000 and above €18,000, the percentage falls to 50% for individuals in active employment and 10%
for pensioners, up to a maximum of €18 per month for pensioners. For incomes below €18,000, the percentage for active workers is 40% and 10% for pensioners, up to a maximum of €8 per month for pensioners. Individuals who receive non-contributory pensions and the long-term unemployed are exempt from contributions. The participation also depends on the type of pharmaceutical product in question. There is a 10% contribution for products indicated for certain chronic conditions or diseases of healthcare significance, up to a maximum of €4.20 per pack (updated according to the Consumer Price Index).

Medicines dispensed during hospital admission or hospital treatment do not require user contributions. For historical reasons, a different system of participation in pharmaceutical spending applies to the population sector covered by public mutual funds; for active workers and pensioners, this amounts to 30% of the cost of the pharmaceutical product.

The pharmaceutical service of the National Health System covers the vast majority of medicinal products authorized in Spain, along with certain medical devices, all of which are funded by the public healthcare system. A number of products are expressly excluded from this service, namely OTC medicines, homeopathic medicines, products for cosmetic use, dietary supplements, mineral water, toothpaste and mouthwashes and similar products. Non-prescription medicines and those from non-funded therapeutic groups or subgroups marketed for the treatment of minor symptoms are also excluded. As at 31 December 2012, the total number of medicines

\[^{2}\text{MUFACE for civil servants, ISFAS for armed forces personnel and MUGEJU for officials serving in the judiciary.}\]
and medical devices covered by the pharmaceutical service of the National Health System was 23,149 and 4,900, respectively. The Spanish Agency for Medicines and Medical Devices (Agencia Española de Medicamentos y Productos Sanitarios), linked to the Ministry of Health, Social Services and Equality, is responsible for evaluating medicinal products for their registration and licensing.

Access to the pharmaceutical service at primary care level is through pharmacies. The Autonomous Communities have powers to regulate the opening hours and inspection of pharmacies and licenses for opening new ones.

In addition to the pharmaceutical service, the public healthcare system offers complementary services subject to a user contribution at a level appropriate to the service. These include orthopaedic prostheses, non-emergency medical transportation and dietary treatments.

RESOURCES AND ACTIVITY OF THE NATIONAL HEALTH SYSTEM

The National Health System has a total of 2,993 medical centres. It has a total of 10,172 local clinics in many small towns to which professionals from the medical centres in the area travel to provide basic services to the population in rural areas with a high ageing index.

The National Health System also has 327 public hospitals with a total of 107,813 beds. A further 21 hospitals are owned by mutual funds for accidents at work and occupational diseases and another 442 are operated by private healthcare companies.
Spain has 133,216 hospital beds reserved for patients with acute conditions, of which 75.6% are public. Of the 14,440 beds in psychiatric hospitals and the 14,882 beds for geriatric care and long stays, 33.7% and 36.6%, respectively, are publicly owned.

There are over half a million qualified individuals registered with some form of professional healthcare association. The largest group is nursing staff, which also has the highest percentage of women in the profession. A total of 34,642 doctors work in public healthcare facilities.

### REGISTERED HEALTH PROFESSIONALS

<table>
<thead>
<tr>
<th>2011</th>
<th>Total</th>
<th>% women</th>
<th>Registered 1,000 inhab.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doctors</td>
<td>226,424</td>
<td>46.4</td>
<td>4.9</td>
</tr>
<tr>
<td>Dentists and oral healthcare providers</td>
<td>29,070</td>
<td>44.7</td>
<td>0.6</td>
</tr>
<tr>
<td>Pharmacists</td>
<td>64,977</td>
<td>71.0</td>
<td>1.4</td>
</tr>
<tr>
<td>Veterinarians</td>
<td>29,060</td>
<td>42.9</td>
<td>0.6</td>
</tr>
<tr>
<td>Nurses</td>
<td>268,309</td>
<td>84.0</td>
<td>5.8</td>
</tr>
</tbody>
</table>


### PRIMARY CARE STAFF IN THE SNS

<table>
<thead>
<tr>
<th>2011</th>
<th>Total</th>
<th>% women</th>
<th>Rate per 10,000 inhab.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family doctors</td>
<td>28,743</td>
<td>48</td>
<td>6.2</td>
</tr>
<tr>
<td>Paediatricians</td>
<td>6,424</td>
<td>66</td>
<td>1.4</td>
</tr>
<tr>
<td>Nurses</td>
<td>29,407</td>
<td>76.7</td>
<td>6.3</td>
</tr>
<tr>
<td>Non-medical staff</td>
<td>21,149</td>
<td>67</td>
<td>4.6</td>
</tr>
</tbody>
</table>

Source: Ministry of Health, Social Services and Equality. Statistical information from the Primary Care Information System (Spanish "SIAP"), 2011.

### PRIMARY CARE ACTIVITY AT SNS CENTRES

<table>
<thead>
<tr>
<th>Activity in regular hours</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>259,722,735</td>
<td>247,113,100</td>
<td>258,775,162</td>
</tr>
<tr>
<td>Medicine</td>
<td>224,962,865</td>
<td>214,719,785</td>
<td>223,643,239</td>
</tr>
<tr>
<td>Paediatrics</td>
<td>34,759,870</td>
<td>32,393,315</td>
<td>35,131,923</td>
</tr>
<tr>
<td>Nursing</td>
<td>133,464,494</td>
<td>125,722,029</td>
<td>131,578,006</td>
</tr>
</tbody>
</table>

Visits per inhabitant registered in the SNS:

- Total: 56, 53, 55
- Medicine: 56, 54, 56
- Paediatrics: 53, 5, 54
- Nursing: 29, 27, 28


### TRASPLANTS

<table>
<thead>
<tr>
<th>2012</th>
<th>Number of transplants</th>
<th>Rate/million inhabitants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kidney transplant</td>
<td>2,551</td>
<td>53.97</td>
</tr>
<tr>
<td>(Living donor)</td>
<td>(361)</td>
<td>7.64</td>
</tr>
<tr>
<td>Liver transplant</td>
<td>11,084</td>
<td>234.51</td>
</tr>
<tr>
<td>(Living donor)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Heart transplant</td>
<td>247</td>
<td>5.23</td>
</tr>
<tr>
<td>Lung transplant</td>
<td>238</td>
<td>5.04</td>
</tr>
<tr>
<td>Pancreas transplant</td>
<td>83</td>
<td>1.76</td>
</tr>
<tr>
<td>Bowel transplant</td>
<td>8</td>
<td>0.17</td>
</tr>
</tbody>
</table>

Total transplants: 4,211

Rate: 89.09

primary care facilities (28,405 family doctors and 6,237 paediatricians), along with 28,660 nurses and 22,195 non-medical staff. The rate of doctors per 10,000 inhabitants at this first level of care is 7.5, while 79,159 doctors offer their services at National Health System hospitals and specialist clinics (equivalent to 17.2 per 10,000 inhabitants). By specialty, physicians working in general surgery and surgical specialties, including Obstetrics & Gynaecology and Traumatology, account for 57.2% of the total, while those in central services make up 15.7% and the remaining 27.1% are specialists working in their medical specialties, including critical care. In addition to these figures, there are around 19,000 house officers and trainee doctors at public hospitals.

Every year, more than 250 million visits are made to doctors –around 390 million if we include nursing activities– at medical centres and clinics of the National Health System. The general annual per capita rate of visits to primary care doctors is 5.5 (5.6 for visits to family doctors and 5.4 to paediatricians) and 2.8 for nursing visits.
In specialist care, Spanish hospitals perform over 5.2 million patient discharges per year, of which 4 million (80.7%) are financed by the National Health System. Moreover, 82.6 million visits are made to different specialists each year (87.3% financed by the National Health System), 26.2 million emergency visits are made (78.6% of public funding) and 4.6 million operations are performed.

Spanish hospitals are at the global forefront in organ and tissue transplantation, which is performed at approved facilities. Organ donation requires the consent of the donor. The technology equipment used at medical centres and hospitals is comparable to that used in more advanced countries and allows Spanish citizens to benefit from the highest standard of care.

High-tech equipment (computerized axial tomography, magnetic resonance imaging, gamma cameras, megavoltage, etc.) is installed according to need and usefulness.

**HEALTH EXPENDITURE AND FINANCING**

Healthcare in Spain is non-contributory and funded by taxes. Since 2002, it has been included in the general financing of each Autonomous Community.

The data for 2010 place Spanish public health expenditure –including long-term care– at €74,732.3 million, accounting for 7.1% of GDP. By contrast, private health spending amounts to €26,008.5 million (2.5% of GDP).
Spending on health is the largest budget item after pensions. On average, it represents over a third of the costs incurred by the Autonomous Communities. In 2010, the breakdown of public health expenditure was as follows: hospital and specialist services accounted for the highest percentage (55.9%), followed by pharmaceutical provision (19.3%) and primary care services (15.5%). Public health services have a small relative weight, at 1.1%, because of how this activity is defined and classified in accounting systems: public health, prevention and promotion activities are implemented primarily through the primary care network and not accounted for individually.

In budget classification terms, not counting expenditure on long-term care, staff remuneration is the largest single item of public health expenditure, with a total of 43.6% in 2010. State-subsidized private activity amounts to 10.6% of this figure.

### CITIZENS AND THE HEALTH SYSTEM

In Spain, healthcare as financed by public funds through the National Health System is guaranteed to individuals with the status of asegurado (“covered”). Foreign nationals not authorized or registered as residents in Spain receive emergency medical attention for serious illness or accident (whatever the cause) until discharge; female foreign nationals also receive pregnancy, delivery and postpartum care. Foreign nationals under the age of eighteen receive healthcare under the same conditions as Spanish citizens. The public health system has no set waiting periods or any other requirement for access to its services, which are comparable to those of most European countries.

The Health Act sets out the rights and duties of citizens in public healthcare and is intended to guarantee their right to equal access to a healthcare of the highest standards of quality and efficiency, with respect for the principles of autonomy and freedom. The Patient Autonomy and Clinical Information Act of 2002 (Ley 41/2002) requires the health services to inform citizens of all their rights and duties, including those of basic state legislation and those contained in the relevant regional regulations. One of the most far-reaching and interesting consequences of this Act is that it is the first time that a statute grants citizens the right to seek a second opinion on their condition. Other significant developments introduced...
by the Patient Autonomy and Clinical Information Act that affect its subsequent implementation by the Autonomous Communities concern the regulation of “living wills” and informed consent.

In the Spanish healthcare system, the citizen is at the centre of all activities, which is why regular surveys are conducted to gauge public satisfaction with the health system. The results of these surveys show a high degree of citizen satisfaction with how the public health system is run.

For example, according to the overall results of the 2011 survey, more than two-thirds of the population consider the National Health System to be well run.

The success of the health system is also demonstrated by the excellent health indicators for the Spanish population. Spain has a life expectancy at birth of 81.8 years, above the EU average (79.5 years).

With 3.2 infant deaths per thousand live births in 2010, Spain is one of the ten EU countries with the lowest mortality rates, below the average of EU Member States, which stands at 4.1 deaths per 1,000 live births.

The perinatal mortality rate is a more sensitive indicator than infant mortality when assessing the coverage and quality of healthcare, particularly maternal and child care. Spain had a rate of 4.4 perinatal deaths per 1,000 live births in 2010, which is lower than the average rate of all European Union countries taken together: 5.5 perinatal deaths per 1,000 live births.
FUTURE CHALLENGES OF THE NATIONAL HEALTH SYSTEM

Spain’s National Health System, as with the health systems of our developed neighbours, faces the challenge of improving the quality of the services it offers to citizens without compromising the sustainability of the current healthcare model. Population ageing is having a major impact on disease patterns and the consumption of health services and, together with the emergence of new diagnostic and treatment technologies and increased demands of citizens on the health system, it is increasing spending and driving the introduction of policies geared towards improving the efficiency and effectiveness of healthcare measures.

The reform of the National Health System, as outlined in Royal Decree-Law 16/2012 of 20 April setting out emergency measures to ensure the sustainability of the National Health System and improve the quality and safety of its services, is primarily intended to ensure the sustainability of the system.

The goal of improving the health of the population, raising standards and simultaneously consolidating the National Health System, a pillar of the modern welfare state, permeates the strategic lines of the current health policy developed jointly by the Ministry of Health, Social Services and Equality and the Autonomous Communities. These strategic lines include:

- The promotion of policies to prevent disease and protect and promote health.
- Giving fresh impetus to health research, both basic and applied.
- Development of the strategy to address chronic disease.
- Improved management of healthcare organizations, promoting integration between care levels and favouring the extension of clinical management, case management and evidence-based medicine.
- Rationalization of pharmaceutical services to encourage a more rational use of medicines and medical devices.
- Use of criteria for evaluating technology and diagnostic and therapeutic procedures in order to guarantee patient safety, clinical excellence and the efficient use of resources.
- Efficient use of information and communication technologies to implement interoperable medical histories and electronic prescriptions across the system, based on a common system of identification with the health card currently used by the Spanish health system.
SOCIAL SERVICES AND EQUALITY

The Spanish Government is deeply committed to health, social services and equal opportunities for men and women. The creation of the State Secretariat for Social Services and Equality within the Ministry of Health, Social Services and Equality is the Government’s tool for outreach, training and the protection of the rights of more vulnerable social groups. The State Secretariat has responsibility for a number of key areas: equal opportunities, disability policy, services for families and children, the Government Delegation for Gender Violence, the Government Delegation for the National Drugs Plan, and the offices of the Institute for the Elderly and Social Services (IMSERSO) and Institute for Youth (INJUVE).

EQUAL OPPORTUNITIES

The effective achievement of equal opportunities among citizens regardless of gender, age, ideology, racial or ethnic origin, sexual orientation or gender identity, disability, religion or any other condition or personal or social circumstance (recognized in Article 14 of the Spanish Constitution) is one of the permanent goals of the Spanish Government.

One of the priorities of the Government is to guarantee equal opportunities for women and men in working conditions and the labour market. Steps are being taken to achieve this by promoting the employability of women with strategies to improve their training and career development, promote reconciliation and co-responsibility and eliminate wage discrimination.

Along these lines, the Ministry of Health, Social Services and Equality and the Ministry of Employment and Social Security have been working together to combat female unemployment, being job training a key factor to achieve this.

Another line of work is the promotion of business equality plans, which seek to encourage the employment of women in decision-making positions. Programmes are also being launched to support female entrepreneurship, with technical advice and support to facilitate their access to financing.

The Institute for Women (Instituto de la Mujer), an agency under the Ministry of Health, Social Services and Equality, promotes public policies to improve the social status of women through specific actions related to social and political participation, the image and representation of women, diversity and the social inclusion of women, culture, health and quality of life, education, sport, support to women’s associations, and training and outreach actions to promote equal opportunities between women and men.

Spain is working to ensure social integration and non-discrimination for all its citizens, regardless of
age, gender or starting position. We believe in an inclusive society where differences make our society what it is, forming citizens who are free to exercise their rights and opportunities. With this in mind, the following specific aims have been set:

- Prevention of potential acts of discrimination on grounds of race or ethnic origin.
- Detection of acts of discrimination on grounds of racial or ethnic origin.
- Support and advice for victims of discrimination.
- Public information and outreach actions regarding the right to equality and non-discrimination.

In relation to this issue, the Council for the promotion of equal treatment of all persons without discrimination on grounds of racial or ethnic origin (Consejo para la promoción de la igualdad de trato y no discriminación de las personas por el origen racial o étnico), set up in 2007 in compliance with Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin, has the duty of providing independent assistance to victims of discrimination, publishing reports at the request of Central Government agencies or on its own initiative, and of conducting surveys and putting forward proposals.

**COMBATTING POVERTY AND SOCIAL EXCLUSION**

One of the strategic areas of the State Secretariat for Social Services and Equality is the development of a social cohesion and inclusion policy focused on the comprehensive care of individuals and families. The purpose of this policy is to work towards reducing poverty and social exclusion in the framework of the Europe 2020 strategy for smart, sustainable and
inclusive growth, and to make progress in developing social services tailored to the needs of citizens.

One of the five key objectives of the Europe 2020 strategy for the next ten years is to reduce the number of people in the EU on the threshold of poverty by 20 million. The National Reform Programmes (NRPs) are the instruments through which each EU Member State must set its national objectives and outline the actions of its Government, in accordance with the integrated guidelines for employment and economic policies.

Spain is scheduled to submit its third National Reform Programme to the European Union in April 2013. Social inclusion measures will be included in the next National Action Plan for Social Inclusion 2013-2016. This new plan marks a move towards a real strategy for active inclusion that effectively and efficiently combines measures on labour insertion with those of guaranteed income while ensuring equal access to quality public services.

In the light of this multidimensional approach, this plan will include a new specific child poverty objective to promote the welfare of socially excluded children and those at risk, thereby putting an end to the intergenerational transmission of poverty and loss of human capital.

The plan will be drafted jointly by Central Government (through its relevant ministries), local and regional authorities, NGOs and social partners.

For the purpose of maintaining and developing a network of primary care social services, the Government has set up a funding and technical collaboration strategy with the Autonomous Communities and the Autonomous Cities of Ceuta and Melilla, which have, in turn, set up strategies with their local authorities to ensure the promotion and full development of all individuals and groups in society and to prevent and eradicate the causes of social exclusion.

Coordination between government authorities in matters of social services was stepped up recently with the creation of the Reference Catalogue of Social Services (Catálogo de referencia de Servicios Sociales), approved by the Regional Council of Social Services (Consejo territorial de Servicios Sociales) and the Dependent Autonomy and Care System (Sistema para la Autonomía y Atención a la Dependencia). This catalogue is a document listing the general services offered throughout Spain, with full respect for the framework of powers in this area, and is intended as an element of balance and structure.

With a view to improving the quality of primary care social services, mechanisms have been put in place for supplementary technical cooperation and the mutual exchange of information between Central Government, the Autonomous Communities and – through the latter – local government in specific areas such as homelessness, minimum income allowance...
schemes and the Roma community.

In connection with the latter, a Roma Development Programme has been implemented since 1989 in collaboration with the Autonomous Communities and representative bodies of Roma associations. In a bid to encourage these bodies to participate in the design and development of policies for the Roma community, a State Roma Council (Consejo Estatal del Pueblo gitano) was set up in 2005, the second term of which commenced in late 2012.

On 2 March 2012, the Council of Ministers approved the National Strategy for the Social Inclusion of Roma Community in Spain 2012-2020 (Estrategia Nacional para la Inclusión Social de la Población Gitana en España 2012-2020). The need to develop a strategy stems from the European Commission's Communication issued on 5 April 2011 entitled An EU Framework for National Roma Integration Strategies up to 2020. In this document, the Commission urged Member States to develop national strategies for the integration of Roma and set specific objectives to be achieved by 2020 in at least four priority areas: education, employment, health and housing. The strategy must also be consistent with national policies in these areas.

The Spanish strategy will be drafted with the involvement of all levels of government and the cooperation of social organizations.

FAMILY, CHILDREN AND YOUTH

The protection and promotion of children and families and the prevention of situations of need that these groups could find themselves in is one of the cornerstones of social policy. Hence, there are many schemes aimed at providing support, help and protection to children and families.

These include action plans for the prevention, care and protection of children in the framework of the United Nations Convention on the Rights of the Child and Spanish legislation and for compliance with and monitoring of the international commitments acquired by Spain with the United Nations and the European Union.

With respect to the protection of minors in the most difficult situations, such as abuse and sexual violence, the Ministry of Health, Social Services and Equality works on a variety of strategies:

- Defining the fight against child abuse as a strategic and cross-cutting commitment with the involvement of the authorities at every level.
- Improving the legal framework and developing more effective protocols for administrative action.
- Improving abuse information systems.
- Supporting third-sector actions in this area.

The Second National Strategic Plan for Children and Adolescents (Spanish “PENIA”) 2013-2016 was
recently drawn up. The main aim of the plan is to promote a culture of cooperation among public and private institutions involved in the promotion and defence of children and adolescents, in response to the new challenges having an impact on their welfare.

A centralized, shared information system is maintained through the Childhood Observatory (Observatorio de la Infancia) to monitor the well-being and quality of life of children and the development, implementation and effects of public policies affecting this population. The Childhood Observatory therefore acts as a forum for the participation of all institutions and associations working for children.

Also relevant in this regard is the collaboration between Autonomous Communities on childhood issues, organized through the Ministry of Health, Social Services and Equality to ensure proper coordination between the Autonomous Communities and Autonomous Cities of Ceuta and Melilla as a means to encourage discussion and the exchange of experiences.

Young people are also direct beneficiaries of the social strategy of the Ministry of Health, Social Services and Equality. One example of this is the Youth promotion and services programme (Programa de promoción y servicios a la juventud), which is structured around three principles that give meaning to its individual aims and to the activities, actions and measures taken to achieve them. These principles are:

- To guarantee equal opportunities for young people throughout Spain regardless of their economic, social and cultural background.
- To implement the necessary actions to develop Article 48 of the Spanish Constitution more effectively by encouraging young people to participate in cultural, economic, social and political life.
- To promote collaboration with other government departments and authorities whose activities have an impact on this sector of the population.

These principles guide the work of the Institute for Youth (INJUVE), an agency under the Ministry of Health, Social Services and Equality that promotes the participation of Spanish youth in the country’s
political, social, economic and cultural development. To achieve its aims, the Institute works with public authorities of the central, regional and local governments with responsibility for youth and with national youth organizations and the Youth Council of Spain (Consejo de la Juventud de España). At international level, the INJUVE participates in various cooperation bodies of the Council of Europe, the European Union and Latin America.

The Institute’s activities include support programmes for youth organizations to subsidize actions targeting youths; activities to promote entrepreneurship in young people; the European Union’s Youth in Action programme, which develops, fosters and encourages youth exchanges and volunteering in Europe, and youth information and communication activities, particularly through information and communication technology and social networks. It also produces and disseminates data, statistics, studies and surveys on the social, labour, economic and cultural situation of young people through the Spanish Youth Observatory (Observatorio de la Juventud).

Notwithstanding the programmes already cited to promote participation and equal opportunities, the top priority for the Government in youth matters at the present time is to reduce the high rate of youth unemployment.

GENDER VIOLENCE

The data on violence against women – specifically on physical abuse – show that this continues to represent a scourge on Spanish society in the twenty-first century. These data justify the current social and political concerns and also indicate the need for further and more effective actions to raise social awareness, prevent new cases and offer a more appropriate institutional response to women who
have suffered domestic violence and children who have been exposed to it, in order to perfect, improve and bring out the full potential of the existing system. Effective action will also increase the confidence of society and domestic violence victims in the system, which will promote the proximity of the authorities, the institutional response and the support of civil society.

The following priority objectives have been set with regard to violence against women, for which a series of actions will be developed:

• Breaking the silence: one of the most significant outreach initiatives is Business for a Zero Gender Violence Society (Empresas por una Sociedad Libre de Violencia de Género), which seeks to create synergies between the public and private sectors in order to implement outreach actions and promote the social and labour integration of women who suffer or have suffered domestic violence as a fundamental step towards starting a new life without abuse. Outreach actions have already been launched through this initiative with the participating companies and the number of member companies is rising constantly with the signing of cooperation agreements on outreach and/or labour integration.

• Increasing awareness about gender violence: March 2012 saw the publication of the first Monthly Statistical Bulletin (Boletín Estadístico Mensual), which has expanded the volume of data on gender violence and also breaks it down by regions and provinces. Among other measures, an agreement has been signed with the Sociology Research Centre to conduct a survey on the social perception of gender violence (Encuesta sobre la percepción social de la violencia de género).

• Improving coordination by putting Spain into networks: to achieve this goal, a national network is to be set up to coordinate and monitor State resources and to ensure the necessary cooperation with the competent authorities. This will be done through units for coordination and violence against women, of the Government Delegations in the Autonomous Communities and the Government Subdelegations and Island Directorates, respectively.

• Supporting women and their children: the Child Abuse Protocol (Protocolo de Maltrato Infantil) is currently being revised to incorporate domestic violence. A working group has also been set up to work on a Child Protection Bill with the aim of incorporating specific provisions on children exposed to domestic violence.

• Combatting the trafficking of humans for sexual exploitation: the development of a new Plan to combat the trafficking of women for sexual exploitation (Plan contra la trata de mujeres con fines de explotación sexual) is scheduled, along with the adoption of measures to raise awareness of other forms of violence, such as forced marriage, female genital mutilation and the trafficking of women and girls.
**DISABILITY POLICIES**

The main objective of public policy in this area is to achieve full equality of opportunity and the real and effective exercise of rights by disabled persons on an equal footing with other citizens through the promotion of personal autonomy, universal accessibility, the eradication of all forms of discrimination and compliance with the principles of the Convention on the Rights of Persons with Disabilities and Spanish legislation. Efforts will also be made to promote equal opportunities among women and men with disabilities, in order to bridge the gap between the sexes, by applying gender mainstreaming to all parliamentary bills, activities and programmes relating to disability.

To achieve these aims, the Ministry of Health, Social Services and Equality and the Royal Board for Disabilities, a self-governing body of the above-mentioned Ministry, are working on the development of the following measures:

- A draft revised text approving a Disability Act that integrates the Social Integration of Persons with Disabilities Act (Ley 13/1982), the Equal Opportunities for Persons with Disabilities Act (Ley 51/2003), and the Equal Opportunities Offences and Penalties Act (Ley 49/2007). The purpose is to produce a piece of legislation that clarifies, harmonizes and updates these texts with a focus on rights, as outlined in the Convention on the Rights of Persons with Disabilities.


- In social protection, Royal Decree-Law 27/2012 of 15 November, setting out emergency measures to strengthen the protection of mortgage debtors. This regulation allows for the immediate suspension of evictions for a period of two years in households with a dependent member or where one of the family members has a disability.

- In public employment, positive actions are being developed such as recruitment procedures solely for people with intellectual disabilities or the 7% disability quota in public job offers for specialist medical staff.

- In culture, the Inclusive Forum of Culture (Foro de Cultura Inclusiva) has been set up as a monitoring body to drive and monitor the adoption of measures established under the Comprehensive Spanish Strategy of Culture for All (Estrategia Integral Española de Cultura para Todos).

- In social participation, the third sector’s capacity for dialogue with the Government has been strengthened.

- The commitment to accessibility has been reinforced through advisory centres attached to the Royal Board: the National Centre for Accessibility Technology (Centro Nacional de Tecnologías de la Accesibilidad, CENTAC); the Centre for...
the Linguistic Standardization of Sign Language (Centro de Normalización Lingüística de la Lengua Signos, CNLSE); the Spanish Centre for Subtitling and Audio Description (Centro Español de Subtitulado y Audiodescripción, CESyA), and the Spanish Centre for Documentation on Disability (Centro Español de Documentación sobre Discapacidad, CEDD). Numerous agreements have also been signed, including one with the Spanish Paralympics Committee (Comité Paralímpico Español).

The work done on disability by the Spanish Government and the country’s associations has received international recognition with the prestigious International Disability Rights Award. This prize, awarded by the Lantos Foundation for Human Rights and Justice and the Roosevelt Institute, acknowledges the participation of Spanish civil society in the implementation of the International Convention on the Rights of Persons with Disabilities and recognizes the huge effort that Spain has made to transpose the Convention’s provisions into the country’s legal system, which has represented a major leap forward in the rights, inclusion and well-being of people with disabilities and their families.

THE ELDERLY

Older people are another priority for our society. The Institute for the Elderly and Social Services (Instituto de Mayores y Servicios Sociales, IMSERSO), under the Ministry of Health, Social Services and Equality, serves as a platform to support and safeguard the rights and needs of the elderly. Its programmes seek to raise awareness of active ageing and encourage the social integration of elderly people in Spain’s social and political life.

The European Year for Active Ageing and Solidarity between Generations was held in 2012. The official programme of events in Spain, developed by the Ministry of Health, Social Services and Equality through IMSERSO, included forty-four activities involving NGOs, associations and public and private institutions. The activities were designed to raise general awareness about age discrimination and promote solidarity and the sharing of experiences and knowledge between generations.

The idea is that the European Year of Active Ageing should not begin and end in 2012 and that this year should be regarded as the starting point for working to make active ageing a positive contribution to the welfare of the elderly and their full integration into society.

In this regard, the Ministry of Health, Social Services and Equality is working on the development of a Statute of the Elderly (Estatuto del Mayor), which is set to be a breakthrough in addressing the specific needs of the elderly and in promoting an integrative model of health and social care.

The State Council for the Elderly (Consejo Estatal de las Personas Mayores), as a consultative umbrella
PROMOTION OF THE PERSONAL AUTONOMY AND CARE OF DEPENDENT PERSONS

Situations of dependency in Spain are protected by the social services system. Powers in this matter rest with the Autonomous Communities and local authorities, although they follow guidelines set by the State since the entry into force of the Autonomy and Care of Dependent Persons Act (Ley 39/2006). The State has responsibility for regulating the basic conditions guaranteeing the equality of all Spanish citizens in the exercise of their rights and the fulfilment of their constitutional duties.

The System for the Autonomy and Care of Dependent Persons (Spanish “SAAD”), developed under the aforementioned Act, was designed to guarantee basic conditions and common content for the promotion of personal autonomy and care for dependent persons. The Autonomy and Care of Dependent Persons Act sets out the terms for the collaboration and participation of public authorities in the exercise of their powers with a view to optimizing the available public and private resources and helping to improve the living conditions of citizens.

All government authorities, be they state, regional or local (the latter represented by the “FEMP” – Spanish Federation of Municipalities and Provinces), collaborate in the structuring of the system and the development of the Act through the Regional Council for Social Services (Consejo Territorial de Servicios Sociales) and the SAAD.

Social actors, trade unions and business organizations all participate in the implementation of the Act and the application of the system as members of the Regional Council’s advisory committee.

The rights set out in the Autonomy and Care
of Dependent Persons Act are applicable to all dependent persons who live in Spain and have done so for five years, two of which must have been immediately prior to the date that the application was submitted. In the case of foreign nationals, the provisions of the Rights and Freedoms of Foreign Nationals Act (Ley Orgánica 4/2000), international treaties and the agreements signed with the country of origin also apply.

In sum, the Autonomy and Care of Dependent Persons Act, which was drafted with the cooperation of all government authorities and approved with a broad consensus among all political parties, has led to significant improvements in the welfare of individuals.

Against this backdrop, at its session of 10 July 2012, the Regional Council for Social Services and the System for the Autonomy and Care of Dependent Persons approved the assessment of outcomes set out in the Act and the proposed improvements to ensure the sustainability of the system, adopting common minimum criteria for the whole country with regard to implementation of the Act.

The State and the Autonomous Communities, having analysed the assessment of outcomes, expressed the need to the Regional Council to introduce improvements to ensure the sustainability of the system, not only through the relevant policy instruments but also by leveraging best practices and pooling experiences at every level of government.
and among political groups and all associations and organizations working to promote the autonomy and care of dependent persons.

In this context, Royal Decree-Law 20/2012 of 13 July setting out measures to ensure fiscal stability and promote competitiveness included corrective measures for the dependency care system that require immediate application for the proper development and sustainability of the system.

Since the degree of development and scope of the services for dependent persons varies according to the Autonomous Community, this Royal Decree regulates a minimum common scope of intensity and compatibility for the services of all government authorities concerned.

Moreover, in the light of Spain’s current economic situation and the need to ensure the sustainability of the system, the Decree also includes emergency economic measures, which have resulted in an immediate reduction in government spending. These measures seek a sustainable rebalancing of the system while ensuring the right to the promotion of personal autonomy and care for dependent persons.

With regard to Dependent Care System funding, in the 2012 fiscal year, the government guaranteed financing for all dependent persons in Spain at the basic level of protection with a budget of €1,405 million, an increase of 122 million on the amount transferred to the Autonomous Communities at the minimum level in 2011.
NATIONAL DRUGS PLAN

In social policy, fresh impetus has been given to policies to reduce the demand for drug use and to programmes for drug prevention, treatment, rehabilitation and harm reduction in drug abusers. The Government Delegation for the National Drugs Plan (Plan Nacional sobre Drogas) has responsibility for the management, promotion, general coordination and supervision of the services for updating and implementing the National Drugs Plan. The plan operates through National Strategies (Estrategias Nacionales), all of which have been brought in with a high degree of consensus among the sectors directly involved in its development and implementation. Since its launch in 1985, the plan has led to the development of a drugs policy that is regarded as a benchmark of quality in the European Union.

Under the latest National Drug Strategy 2009-2016, a Four-Year Action Plan for 2013-2016 has been developed, which is scheduled for approval in 2013. This plan consists of thirty-two actions, approved by the Inter-Community Commission (Comisión Interautonómica) of the National Drugs Plan on 28 November 2012. The actions, which will be the focus of the intervention, have a strong emphasis on minors and seek to raise the age of first use of addictive substances.

The Government Delegation for the National Drugs Plan implements actions for the prevention, care and rehabilitation of drug abusers by supporting NGOs working across Spain to combat drug addiction and other addictive behaviours. In 2012, forty-five projects submitted by thirty-six organizations were funded directly by the budget of the Delegation, while the Forfeiture fund for assets seized in the fight against drugs and related crimes (Fondo de bienes decomisados en la lucha contra el narcotráfico y otros delitos relacionados) has financed a further one hundred projects submitted by sixty-three organizations. Funding has also been awarded to ten research projects on drug addiction to further knowledge in this area.

In 2012, actions have focused on prevention. Agreements have been signed with the Spanish Federation of Hotels and Restaurants (Federación Española de Hostelería y Restauración, FEHR) for the prevention of excess alcohol consumption on their premises, and with the Spanish Federation of Municipalities and Provinces (FEMP), for the development of alternative leisure activities to the use of addictive substances. A summer campaign targeting young people was also launched to highlight the risks of buying, using and trafficking drugs abroad. The Forfeiture fund for assets seized in the fight against drugs and related crimes has also financed sixty-nine projects by different local governments to develop drug prevention through healthy leisure programmes.

With a view to supporting vulnerable groups, an
agreement was signed between the Ministry of Health, Social Services and Equality and the Ministry of Home Affairs to launch and assess activities for the prevention, care and rehabilitation of drug abusers in prisons.

Lastly, the Government Delegation for the National Drugs Plan has been afforded additional powers to promote policies for other addictive behaviours, with the aim of treating all addictions consistently and from a holistic health perspective.
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Chapter XI
EDUCATION

Photo: Images and audio bank of the National Institute of Educational Technologies and Teacher Training (Instituto Nacional de Tecnologías Educativas y de Formación del Profesorado).
GENERAL PRINCIPLES OF THE EDUCATION SYSTEM: LEGISLATIVE FRAMEWORK

The legislative framework governing and guiding the Spanish education system consists of the 1978 Spanish Constitution\(^1\) and the statutes implementing the principles and rights set out therein: the Right to Education Act of 1985 (Ley Orgánica 8/1985, LODE); the Education Act 2006 (Ley Orgánica 2/2006, LOE), and the Qualifications and Vocational Training Act 2002 (Ley Orgánica 5/2002).

The Education Act, passed in May 2006, regulates the structure and organization of the education system at non-university level. This Act was subsequently amended by the Sustainable Economy Act (Ley 2/2011) and a statute supplementing the Sustainable Economy Act (Ley Orgánica 4/2011).

The main aims of the education system as it relates to teaching are:

- Reduce early school leaving and youth unemployment.
- Improve education and school performance.
- Achieve success for all in compulsory education.
- Improve foreign language proficiency.
- Increase enrolment in early childhood education.

\(^1\) Article 27 of the Spanish Constitution.
post-compulsory upper secondary schooling and vocational training.

- Increase the number of individuals completing post-compulsory upper secondary studies and vocational training.
- Educate for democratic citizenship.
- Encourage lifelong learning.
- Promote fairness in the education system.
- Bridge the gap with other EU countries.

The Education Act stipulates that basic education shall consist of ten years of regular schooling between the ages of six and sixteen. Basic education is split into primary and compulsory secondary education.

The Education Act (LOE) also regulates early childhood education, post-compulsory upper secondary education, artistic education, sports education, language education and adult education and distance learning, all within the context of lifelong learning.

The Act provides for a participatory approach and covers aspects concerning how education establishments are organized and run, emphasizing their responsibilities and organizational and teaching autonomy. Lastly, the Education Act regulates the powers of governing boards and coordinating bodies in schools and institutions of further education.

The Vocational Training and Qualifications Act (Ley Orgánica 5/2002) was passed in June 2002 with the aim of tailoring vocational training to the needs of production sectors. It seeks to achieve this by promoting the acquisition of basic and professional skills throughout life to ensure the up-to-date knowledge and professional expertise of our citizens.

This takes place in the context of a National System of Qualifications and Vocational Training (Sistema Nacional de las Cualificaciones y Formación Profesional) that promotes and develops the integration of vocational training studies taking as a reference the National Catalogue of Professional Qualifications (Catálogo Nacional de Cualificaciones Profesionales). The National Qualifications Institute (Instituto Nacional de las Cualificaciones) is a technical body acting as a permanent structure for the study of occupational changes in employment and trends in professional qualifications in production sectors, both of which are necessary to develop the offer of vocational study courses on which the catalogue of qualifications is based.
GENERAL STRUCTURE OF THE EDUCATION SYSTEM

The Education Act outlines the basic structure of the Spanish education system, organizing it into stages, cycles, degrees, courses and non-university teaching levels.

Under the Education Act and in the context of lifelong learning, the instruction provided in the education system can be broken down into early childhood education, primary education and secondary education, which includes compulsory secondary education (Spanish *ESO*) and post-compulsory upper secondary education. Within the latter, it is possible to differentiate further between *Bachillerato* studies, intermediate-level Vocational Training, intermediate-level Vocational Studies in Visual Arts and Design, and intermediate-level Sports studies. Tertiary education comprises higher education, advanced-level artistic studies, advanced-level Vocational Training, advanced-level Vocational Studies in Visual Arts and Design, and advanced-level Sports studies. Lastly, the Act provides that language teaching and art and sports studies shall be subject to a special education system.

The Education Act stipulates that the teaching of non-university levels in the education system shall be tailored to pupils with special educational needs in order to ensure the access, retention and progression of such pupils in the education system.

Regarding the framework of powers of Central Government and the Autonomous Communities, the Education Act sets out the mechanisms for coordination and cooperation between the education authorities in order to define and agree on education policies and to set common criteria and goals. To ensure a common education and guarantee the validity of the qualifications awarded, Central Government sets core competences, content and assessment criteria in relation to learning objectives; these constitute the basic elements of the curriculum that form the common core for teaching purposes. For example, it is established that the basic content of core curricula account for 55% of teaching hours in Autonomous Communities with a co-official language and 65% for those without.

EARLY CHILDHOOD EDUCATION

Early childhood education is the first level of the education system. It is regarded as a single instructional stage with a specific identity and purpose for children from birth to the age of six. Its approach is distinct from subsequent stages, although it does bear a close relation to primary education. This level is organized into two three-year teaching cycles and is voluntary.
The second cycle is free. Education authorities must ensure that sufficient places are offered at public schools and conclude agreements with private schools, in the context of their education programmes. The Ministry of Education, Culture and Sport, in collaboration with the Autonomous Communities, has made a concerted effort in recent years to increase enrolment rates in the first cycle (from birth to age three) with the creation of new nursery schools following the launch of the *Plan to Promote Childhood Education from 0-3 (Plan de Impulso de Educación Infantil 0-3)*, known as *Plan Educa3*. Schools must outline the educational aspect of the two cycles in their teaching proposals.

Both cycles promote children’s physical, intellectual, emotional and social development, seeking to assist them in the discovery of the physical and social characteristics of the environment in which they live and helping them to develop a positive and balanced self-image while gaining more personal autonomy.

Education authorities have responsibility for introducing children to foreign languages, literacy, basic numeracy, information and communication technology, and visual and musical expression in the second cycle.

**PRIMARY EDUCATION**

Primary education lasts for six courses, usually completed between the ages of six and twelve in the form of three two-year cycles. This educational stage is organized into global and inclusive areas.

This educational stage is mandatory and, together with compulsory secondary education (*ESO*), constitutes the period of free, basic education. Its purpose is to give all children an education that will allow them to consolidate their personal development and well-being, acquire basic cultural competences in speaking, listening, reading, writing and arithmetic, and to develop social skills, work and study habits, an artistic sense, creativity and affectivity.

The contents are organized into areas without this impinging on their globalizing nature. The core areas in primary education are: Knowledge of the Natural, Social and Cultural Environment; Art Education; Physical Education; Spanish Language and Literature, and, where applicable, the Language and Literature of the Co-official Language; Foreign Language; Mathematics, and Education for Citizenship and Human Rights. In the third cycle of this stage, the education authorities may add a second foreign language. Areas that are instrumental to subsequent knowledge learning are given special consideration at this stage. Regardless of the fact that they are taught specifically in certain areas, reading comprehension, speaking and writing, audio-visual communication, information and communication technology and values education permeate all areas of study. To foster the habit of reading, time is spent on this activity every day.
The assessment of learning processes is both continuous and comprehensive and takes into account the progress made globally in all areas. Pupils are allowed to enter the next stage or educational cycle when they are considered to have obtained the necessary basic skills and appropriate degree of maturity.

To ensure the continuity of their education, on completion of this stage pupils are provided with a report outlining their progress, the learning objectives achieved and the basic skills learned, depending on the requirements of the educational authorities.

COMPULSORY SECONDARY EDUCATION (ESO)

Compulsory secondary education (Educación Secundaria Obligatoria or ESO) is usually studied between the ages of twelve and sixteen years and comprises four academic courses. This stage is structured around two principles: focus on diversity and access to mainstream education for all pupils.

The purpose of ESO is to ensure that students learn the basic elements of the culture, especially its humanistic, artistic, scientific and technological aspects, and to develop and consolidate study and work habits. This stage should also prepare them for further study and employment and educate them for the exercise of their rights and duties in life as citizens.

This stage focuses on learning and developing core competences and on fostering correct speaking and writing skills and the use of mathematics. To foster the development of reading habits in students, time is spent on this activity in all subjects. The subjects taught in ESO are: Science, Physical
Education, Social Studies, Geography and History, Spanish Language and Literature, and, if applicable, the Language and Literature of the Co-official Language, a Foreign Language, Mathematics, Visual Arts, Music, Technology, and Education for Citizenship and Human Rights. In the last year of this stage, which is orientative in nature, students specialize more by choosing certain subjects as options. A second foreign language can also be studied throughout this stage.

Students can move up to the next course if they achieve the objectives of the subjects they have taken or if they fail no more than two subjects; they must repeat the entire course if they fail three or more subjects. Exceptionally, teachers may allow a student who has failed three subjects to move up to the next course if they consider that the student will be able to keep up, that he or she is likely to reach the required level in the failed subjects and that moving on to the next course will benefit his or her academic progress. A student may only repeat the same course once and can only repeat a maximum of two courses in this stage.

As of the third course of this stage, curriculum diversification programmes are available to cater for students with special learning difficulties. Additionally, in an attempt to stop early school leaving, open up possibilities for training and subsequent qualification, and promote access to work, Initial Professional Qualification Programmes (Programas de Cualificación Profesional Inicial) are available to students aged over sixteen who were not awarded certification of their compulsory secondary education. These programmes include three types of module with the aim of enabling all students to acquire the professional competences for a Level I qualification, in accordance with the structure set out in the National Catalogue of Professional Qualifications. They are also designed to give these individuals the opportunity for satisfactory integration in the labour market and society and to expand their core competences in order to obtain certification of their compulsory secondary education.

**POST-COMPULSORY UPPER SECONDARY EDUCATION (BACHILLERATO)**

Post-compulsory upper secondary education (Bachillerato) is a two-year non-compulsory educational stage. All students with a certificate of completion of their compulsory secondary education can access Bachillerato studies. The theoretical entrance and leaving ages are sixteen and eighteen years, respectively; students can study the Bachillerato in the ordinary system for up

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2 The National Catalogue of Professional Qualifications is organized into professional families and levels. There are five levels of qualification depending on level of knowledge, initiative, autonomy and responsibility required to perform the occupational activity.
to four years.

The purpose of Bachillerato studies is to equip students with the training, intellectual and emotional maturity, knowledge and skills to perform social functions and join the workforce with the necessary skills and responsibility. The Bachillerato also prepares students for access to tertiary education.

There are three Bachillerato streams: Arts; Science and Technology, and Humanities and Social Studies. Students who decide on the Arts stream must choose one of two options: Visual Arts, Image and Design or Performing Arts, Music and Dance.

The Bachillerato is organized into core subjects, the specific subjects for each stream, and options. Students may choose their options from any of those available for their stream. Each stream is structured so as to specialize students and prepare them either for subsequent study or for work.

The core subjects of the Bachillerato are: Science for the Contemporary World, Physical Education, Philosophy and Citizenship, History of Philosophy, History of Spain, Spanish Language and Literature, and, if applicable, the Language and Literature of the Co-official Language, and a Foreign Language.

At Bachillerato level, student learning is continuously assessed in each subject and in relation to the educational objectives and assessment criteria outlined in the curriculum of the Autonomous Community in question, which must include the core curriculum stipulated by Central Government. Students can move up from the first level of Bachillerato to the second if they pass all their subjects or fail no more than two. Students who are unable to move up to the second year must stay in the first for another year and repeat the entire course if they fail more than four subjects. Following the Agreement of the Education Sector Conference (Conferencia Sectorial de Educación) of 9 June 2009, signed by the majority of Autonomous Communities, students who fail three or four subjects may, with the consent of their families (where applicable), choose one of the following options:

- Re-enrol in all subjects of the first Bachillerato course, renouncing all grades awarded previously.
- Re-enrol in all subjects of the first Bachillerato course to consolidate what they have learned in the subjects they passed and improve their grades. If a student obtains a lower grade the second time around, the grade awarded in the previous course is maintained.
- Enrol in the subjects they failed. Depending on the organizational possibilities of the school, they may take other subjects that the school considers to be appropriate to their studies.

Students who complete any of the streams of the Bachillerato successfully are awarded a bachiller diploma, which is valid for employment and tertiary
education purposes. To obtain the diploma, students must pass every subject of both *Bachillerato* courses. Students who obtain this certificate can access tertiary education in any of its different modes.

**VOCATIONAL TRAINING**

Vocational training courses cover a range of training actions to prepare individuals for qualified work in diverse professions, access to employment and active participation in social, cultural and economic life. Vocational training is a flexible form of teaching that allows students to move between it and other branches of the education system.

The purpose of vocational training is to prepare students for work in a professional field and to help them adapt to the professional changes that take place throughout life while also contributing to their personal development and exercise of democratic citizenship.

Vocational training is organized into intermediate- and advanced-level training cycles that are modular in structure, with a variable duration and which cover theoretical and practical content tailored to the various professional fields. These cycles must be referenced to the *National Catalogue of Professional Qualifications* and are known respectively as intermediate-level Vocational Training (*Formación Profesional de grado medio*) and advanced-level Vocational Training (*Formación Profesional de grado superior*). Central Government consults with the Autonomous Communities and subsequently sets the qualifications for Vocational Training and the core aspects of the curriculum for each level.

To access intermediate-level training courses, students must be in possession of a certificate of completion of compulsory secondary education. To access advanced-level vocational training, a
**ARTISTIC STUDIES**

The Education Act regulates artistic learning, which is intended to provide students with quality artistic training and ensure the qualification of future music, dance, performing arts, visual arts and design professionals.

Artistic studies include: elementary Music and Dance studies; professional artistic studies of Music and Dance; intermediate- and advanced-level Visual Arts and Design; advanced-level artistic studies that include advanced studies of Music and Dance; Performing Arts studies; the Preservation and Restoration of Cultural Heritage; advanced studies in Design, and advanced studies in Visual Arts, including advanced studies in Ceramics and advanced studies in Glass.

Students who successfully complete professional music and dance studies obtain the relevant professional qualification. Students who complete these studies are awarded a *Bachillerato* certificate if they pass the core *Bachillerato* subjects, even if they do not specifically study the Music and Dance option of the *Bachillerato* Arts stream.

Students who complete intermediate-level studies in Visual Arts and Design are awarded the qualification of Technician in Visual Arts and Design in the relevant field. With this qualification, they obtain direct access to the Arts option of the *Bachillerato*. Students who complete advanced-level studies in Visual Arts and Design are awarded the qualification of Senior Technician in Visual Arts in the relevant field.

The structure of advanced-level artistic studies is set out in Royal Decree 1614/2009 of 26 October, establishing the structure of advanced-level artistic studies regulated by the Education Act. This Decree develops the structure and core aspects of the organization of advanced-level artistic studies in accordance with the provisions of the Education Act and the general guidelines issued by the European Higher Education Area.

The Education Act also set up the Arts Education Council (Consejo Superior de Enseñanzas Artísticas), which is an advisory body to the State and the body of participation in matters relating to these studies.
LANGUAGE LEARNING

The Education Act also regulates language teaching intended to educate students in the correct use of different languages outside the ordinary stages of the education system.

These courses are organized into the following levels: basic, intermediate and advanced, which correspond to levels A2, B1 and B2 of the Council of Europe. Their aim is to promote the learning of foreign languages, especially the official languages of the Member States of the European Union and Spain’s co-official languages, and of Spanish as a foreign language. One of the requirements for access to language learning is that the student be sixteen years old in the year that the course begins, although over-14s can also access these courses to study a language other than the one they are learning as part of their compulsory secondary education.

The characteristics and organization of basic-level teaching are set by the education authorities. Intermediate and advanced levels are taught at publicly owned official language schools (Escuelas Oficiales de Idiomas) attached to the Central or regional governments and follow the levels recommended by the Council of Europe.

The core curriculum for language teaching in the special system is set out in Royal Decree 1629/2006 of 29 December.

SPORTS STUDIES

Sport studies are structured around sports options and, where applicable, specializations that are recognized by the Sports Council (Consejo Superior de Deportes) in accordance with the Sports Act of 1990 (Ley 10/1990). The structuring of these studies is carried out in collaboration with the Autonomous Communities following consultation with their respective sports education bodies.

The sports studies curriculum is adapted to the requirements outlined in the National Catalogue
of Professional Qualifications. Sports studies are organized into two levels: intermediate and advanced. These studies are further organized into blocks and modules of variable duration, composed of theoretical and practical knowledge areas adapted to the different professional areas. The general organization of sports studies in the special system is regulated by Royal Decree 1363/2007 of 24 October.

ADULT EDUCATION

In the Spanish education system, learning is regarded as an ongoing process that is developed throughout life. Learning ability is sustained over the years because social and economic changes require people to constantly expand on their knowledge. The Education Act encourages lifelong learning, which requires providing opportunities for young people and adults to combine study and training with work or other activities.

The aim of adult education is to grant the opportunity to all adults over the age of eighteen – and exceptionally, over sixteen – with an employment contract that prevents them from learning in the ordinary system or who are elite athletes, to acquire, update, supplement and extend their knowledge and skills to further their personal and professional development.

The organization and methodology of adult education is centred on self-learning and takes account of experiences, needs and interests. Courses can be studied through classroom teaching or through distance education. A flexible and open methodology is adopted to tailor learning to the abilities, needs and interests of students.

The available courses include basic education and post-compulsory studies allowing access to Bachillerato studies or vocational training. It is the responsibility of the education authorities to adopt the necessary measures to ensure that adults have access to a specific range of courses of study tailored to their characteristics. Public distance education, which involves the use of information and communication technology, is also organized.

Students aged over twenty-five can enter university directly without qualifications by passing an exam, as will be explained in the next section.
HIGHER EDUCATION

UNIVERSITY ENTRANCE

Generally speaking, students must pass an entrance exam to study at university; this and the grades obtained in their Bachillerato studies form the basis of the assessment of their academic maturity, knowledge and ability to successfully pursue a university degree.

The entrance exam takes into account the Bachillerato streams and pathways that students may follow, touches on the subjects of the second year of Bachillerato and is valid for entry to the different degree courses offered by Spanish universities.

Royal Decree 1892/2008 regulating the conditions of access to official university degree courses and admission procedures to Spanish public universities was approved in November 2008 and was first applied to students who completed their second year of Bachillerato in 2009-2010.

In this model, the university entrance examination is split into two phases: a first general and compulsory phase on core subjects and a specific subject of their stream, and a second specific and voluntary phase allowing students to improve their grades. Those who obtain an average grade of five or above between the Bachillerato grade (which counts for 60%) and the grade obtained in the general phase of the university entrance examination (which counts for 40%) may enrol at a university if they obtained at least four points in the general phase.

The specific phase allows students who wish to study official undergraduate courses at public universities with a limited number of available places to improve their admission grade. In this voluntary phase, students sit exams in subjects of their stream (other than the one chosen in the general phase of the same year) related to the knowledge area of the degree course that they wish to study. The aim here is to allow students to learn in other areas throughout their lives, ensure that their choices at Bachillerato level do not permanently condition them, and give
them the chance to improve their grade by making an extra effort. The grade obtained in the voluntary test expires after two years. Students can take the exam as many times as they wish, but they can only improve their grade with a maximum of two exams.

The above Royal Decree also regulates direct university access for students of advanced-level vocational training, Visual Arts and Design and Sports Studies, as well as the examination for students aged over twenty-five, university access for the over-40s through the accreditation of work experience and access for the over-45s with no academic qualifications or professional experience, thereby ensuring adult access to education.

THE UNIVERSITY SYSTEM

The full integration of the Spanish university system into the European Higher Education Area (EHEA) – which has ushered in a major university reform – has coincided with the economic crisis in Spain and its direct impact on employment, making it difficult for young recent university graduates to find work.

To rectify this situation, the Spanish university system must work to improve competitiveness and internationalization, optimize efficiency, adapt to the demands of our economic system and society, pursue academic excellence and improve graduate employability.

The Universities Act of 2001 (Ley Orgánica 6/2001) was modified by the Act of 2007 (Ley Orgánica 4/2007) that introduces a series of reforms to promote the autonomy of universities as recognized in the Spanish Constitution while increasing their accountability for how they perform their functions. These changes were specifically aimed at improving the quality of Spanish universities and to ensure their trouble-free incorporation into the framework of the European Higher Education Area (EHEA) and the incorporation of Spanish academic research into the European Research Area project. This principle was introduced by the European Union through the modernizing of its universities in order to convert them into active agents of the transformation of Europe based on the world’s most competitive and dynamic knowledge economy, capable of sustainable growth with more and better jobs and greater social cohesion.

The potential benefits of the EHEA extend to the tailoring of university degrees to the labour market and social needs. The design of the system and its degrees is in keeping with the principle of offering graduates and undergraduates many different learning pathway options so that, taking into account what they have studied up to a given point, they can continue, expand on or reorient their training to suit their own concerns, vocation, chosen professional career or personal and family circumstances. The reform seeks to improve employability and interaction
between the university system and society.

The next ten years will be crucial for Spain if it is to compete in an increasingly complex international environment. Besides knowledge, businesses are looking for communication skills, motivation, independence, analysis, languages, confidence and problem-solving ability. The new qualifications have been designed taking into account these skills and the new generation of graduates will benefit from this type of education.

There were seventy-nine universities in Spain in 2012, of which fifty were public and twenty-nine were private. There are currently 236 campuses located in different towns and cities around the country, indicating that the universities and their campuses are spread across Spain.

In terms of taught courses, in 2011, 2,413 university degrees, 2,758 official master’s courses and 1,680 doctorates had been confirmed. During the 2012-2013 academic year, the number of students enrolled on first and second cycle undergraduate courses in the Spanish university system totalled approximately 1,492,391, while the number of students on master’s courses reached 125,000. If we include doctoral students, this puts the figure of students enrolled at Spanish universities at 1,650,000.


THE COMPETITIVENESS OF THE SPANISH UNIVERSITY SYSTEM

The modernization of Spanish universities, required for its integration into and adaptation to the European Higher Education Area (EHEA), began with the intergovernmental agreement known as the Bologna Declaration, signed on 19 June 1999, which set out the commitment to “harmonize higher education in Europe and encourage collaboration between the different Member States and universities in order to establish a system of recognized qualifications that enhances the mobility of students and teachers in order to promote employment and competitiveness”.

The adaptation of the three cycles to the curriculum reform was scheduled for the 2010-2011 year. Nonetheless, because this is a dynamic process, it must be completed by future actions that will be outlined at the ministerial conferences held as part of the Bologna Policy Forum. The process is based on the principles of the Magna Charta Universitatum of university autonomy, academic freedom, equal opportunities, democratic principles and social accountability. The purpose of the EHEA is to contribute to achieving the strategic objective proposed by the European Union of converting Europe’s economy into a knowledge-based economy that is more competitive and dynamic, capable of sustainable growth, with more and better jobs and with greater social cohesion.
Throughout this period, Spain’s universities have made and continue to make profound changes to increase their autonomy and accountability. Modernization does not stop at adapting university degrees to the new structure; it has also brought about reforms in governance, funding model, employability, strategic aggregations on university campuses, etc. If we are to achieve this strategic objective, we will need universities integrated into the EHEA that teach comparable, flexible and diversified courses, encourage international mobility and lifelong learning, bring together diverse disciplines and relate them to the needs of society in general, and prepare students for access to the labour market, among other aspects.

The Spanish university system must play its part in a Europe where European universities will have a key role as motors of a new paradigm based on the knowledge society while remaining globally competitive, as outlined in the European Commission’s Communication of 2005, *Mobilising the brainpower of Europe*.

Since 2011, special emphasis has been placed on measures affecting the organization of university education and increasing mobility between universities. This has been made possible by the introduction of comparable qualifications in the European Area (diplomas, master’s degrees and doctorates) with flexible, modernized curricula to meet labour market needs.

The modernizing of universities to create a more competitive Europe based on a global knowledge economy requires the areas of action to be modelled on the “Triple Helix” (business, university, government) with a basic structure framed by the “triangle of knowledge” (education, research and innovation).

The special characteristics of doctoral programmes and the varied needs and methods of research training in different knowledge areas advise greater flexibility in the regulation of these programmes. Thus, a new model of doctoral programme has been brought in that is university-based but also allows for collaboration with other agencies, organizations and institutions involved in R&D&i, whether national or international. These include organizations that channel research into society, such as businesses and foundations, etc. which must become the agents and allies of doctoral candidates and subsequently incorporate them into their day-to-day activity.

As an active member of the processes leading to the creation and development of the EHEA, Spain has incorporated the necessary legislative reforms to consolidate a tailored range of study courses. Progress has also been made in regulating junior researcher status through actions to create joint international doctoral programmes and encourage

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international mobility. This has led to the development of Royal Decree 99/2011 of 28 January governing official doctorate study courses.

University R&D&I strategies need to focus on doctoral programmes in order to promote absolute autonomy and flexibility, high quality standards, internationalization, innovation, recognition and mobility.

Higher education is also of interest in improving research through the support of university teaching staff, which will further the economic and cultural development of our societies and, most importantly, maintain the role of higher education as an element of social cohesion. The essential component of doctoral training is the advancement of scientific knowledge through "original investigation"; in this third cycle, doctoral researchers are more than just students, they are junior researchers, currently at a crossroads between the Bologna Process, doctoral training and their research career.

Europe cannot thrive unless its citizens can contribute to social development and benefit from a knowledge economy. The gap between supply and demand must be narrowed by mobility and better anticipation of future training needs.

Among the issues it plans to address for the next ten years, the European Union will focus on developing strategies to promote synergies and coherence between the Bologna principles and the
modernization of its universities. The main aims are to foster knowledge-based growth in Europe, build a more inclusive society and implement a more connected and sustainable economy that is responsive to new social, technological and economic contexts. University R&D&I strategies must focus on doctoral programmes in order to promote absolute autonomy and flexibility, high quality standards, internationalization, innovation, recognition and mobility.

The Science, Technology and Innovation Act of 2011 (Ley 14/2011), which repeals the Science and Technology Research Act of 1986, sets out a general framework for the promotion and coordination of scientific and technical research, with the aim of contributing to sustainable development and social welfare through the generation and dissemination of knowledge and innovation. Its objectives, which directly affect the framework of university education, are:

- Promote scientific and technological culture.
- Encourage the active participation of citizens and the social recognition of science.
- Encourage research as a career.

SCHOLARSHIPS AND MOBILITY

The Autonomous Agency for European Education Programmes (Organismo Autónomo Programas Educativos Europeos)\(^5\) has continued its very active participation in the EU’s university internationalization programme par excellence, Erasmus Mundus, by recognizing top European interuniversity master’s degree and doctoral programmes with joint degrees. The Erasmus programme is now the top programme in terms of State supplements to Community aid. In 2010-2011, Spain sent the most students abroad (36,183\(^6\)) and received the most foreign students (37,432\(^7\)) from other EU Member States, which highlights both the interest of our students in internationalizing their studies and Spain’s appeal for European students. With regard to academic staff mobility, Spain stands in second place with 4,506 teachers, behind Poland, in the classification of countries sending staff abroad and is the country

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\(^5\) Agency under the Ministry of Education, Culture and Sport whose mission is to manage Spain’s participation in the European Union’s Lifelong Learning Programme (LLP).

\(^6\) Source: European Commission.

\(^7\) Ibidem.
that receives the most foreign staff (4,304), ahead of Germany.

In 2012, the third annual Summer scientists campus programme (*Programa campus científicos de verano*) was held, where secondary school students spend two weeks at university campuses during the summer. The programme, which has been awarded the *Campus of International Excellence* (Spanish “CEI”) rating, is aimed at promoting science as a career and giving pupils the chance to experience campus life by joining in research projects. A total of 1,200 students from the last year of *ESO* and first year of *Bachillerato* take part in the initiative held at the research departments of the twenty international and regional Campuses of Excellence. Students spend two weeks in contact with scientific research, actively participating in introductory science projects especially designed by university lecturers and secondary school teachers.

The Ministry of Education, Culture and Sport,
together with the ONCE Foundation and the Repsol Foundation, has implemented the inclusive summer campuses Campus inclusivos de verano. Campus sin límites 2012 as part of the CEI programme, aimed at encouraging disabled youths in the second cycle of ESO or studying Bachillerato to move on to tertiary education, besides raising awareness in the university environment of the needs of these types of student.

The following initiatives have taken place to promote student research and training and the mobility of human resources:

• Call for applications for University Lecturer Education (Spanish “FPU”) grants for students of doctoral research and training solvency programmes in any area of scientific knowledge, with a view to facilitating their incorporation in the Spanish system of higher education and scientific research later on. The programme consists of eight hundred new scholarships, approximately one thousand short stays and around eighty secondments. It also establishes an annual reporting requirement exclusively for those who switched from scholarship to contract in 2012.

• Geographical mobility stay grants for lecturers and researchers, with the following options:
  - PROEXT-MEC Sub-Programme. Mobility stays for lecturers and researchers at foreign universities, with two variations: Salvador de Madariaga, which covers training and mobility stays for lecturers and senior researchers at higher education and research institutions abroad or, exceptionally, in Spain; and José Castillejo mobility stays abroad for young doctors who recently joined university teaching staff.
  - Grants for Fulbright contracts and Príncipe de Asturias chairs.

• Training and mobility actions with bilateral cooperation, for which there are five programmes:
  - Programme for cooperation between Spain and Brazil (Programa de Cooperación Hispano-Brasileño). Grants for Spanish groups to encourage mobility and set up workshops in order to: consolidate and reinforce the postgraduate training and university research systems of both countries; create the necessary conditions to foster lasting cooperation between postgraduates and academics through the development of joint scientific work in areas of common interest; train and develop highly qualified human resources in joint scientific research programmes, and exchange scientific knowledge, specialist documentation and publications in accordance with the provisions to be agreed between the parties.

  - Scholarships for master’s courses held at universities in the United States. These scholarships are designed to encourage Spanish degree- and diploma-holders to
pursue master’s studies in Social Sciences and Humanities at universities in the United States.

- Mobility stays for students and lecturers on joint Spanish-French master’s programmes. Grants covering the cost of mobility in official master’s programmes developed jointly by one or more universities in either country.

- ARGO GLOBAL. Call for applications for grants to promote mobility among Spanish university graduates through a work experience programme in companies in Europe, USA, Canada and Asia.

- FARO GLOBAL. Grant to promote the mobility of students from Spanish universities through a programme offering work experience at companies in Europe, USA, Canada and Asia (including India, China, Japan, Singapore, South Korea).

• Young investigators competition (Certamen de jóvenes investigadores). This competition is addressed to young students of ESO, Bachillerato and vocational training and to members of diverse legally constituted associations with the aim of encouraging them to embark on a career in research.

• Archimedes competition (Certamen Arquímedes). This is a contest addressed to all students at Spanish universities whose tutors form part of the Spanish science and technology system. Projects are submitted and, after they have been assessed and defended, prizes are awarded with the aim of fostering the combination of teaching and research at Spanish universities and encouraging young students to focus their attention on a possible research career by awarding prizes to original investigative projects in science and technology that they themselves have conducted.

Scholarships for official courses of study

The system of student scholarships and grants allows talented young people who wish to continue their studies after free compulsory education to do so regardless of their socio-economic background. The scholarships system for post-compulsory education in Spain is designed to ensure equal access to education: study scholarships and grants financed by the State Budget are intended to eliminate socio-economic barriers to education access and continuity. Nonetheless, the students who benefit from the efforts made by society to provide this aid must also assume their share of the responsibility and fulfil the obligation to study and obtain good results.

The main grants awarded under this system are:

• General and mobility grants for university students. The recipients of these grants are university students. There are two basic types of scholarship for university students:
- Mobility scholarships for those not studying in their own Autonomous Community.
- General grants for those studying in their own Autonomous Community.

These grants are means-tested according to the income and assets of the applicant’s family and take into account academic performance, the criteria for which vary according to the field of study. There is no limit to the number of beneficiaries. Grants are awarded to all applicants who meet the financial and academic criteria set out in the annual call for applications.

The estimated cost of these university scholarships in the 2011-2012 academic year was €1,039,959,600, of which €972,889,200 were provided by the Ministry of Education, Culture and Sport, and the remaining €67,070,400 by the Autonomous Communities.

• Scholarships for student collaboration with university departments. These scholarships are directed at final-year university students looking to embark on a career in research or collaborate with university
The criterion for awarding these scholarships is purely academic and there is a limited number of scholarships available for each university.

- Grant for studying English, German or French on courses abroad.
- Grants to university students for three-week stays abroad that include a course comprising at least twenty teaching hours per week.
- Grants for studying on language immersion programmes in Spain.
- Grants for students of Bachillerato, intermediate-level vocational training and other intermediate-level courses to attend one-week immersion camps at centres in Spain offered by companies awarded the relevant contract by the Ministry of Education, Culture and Sport. (So called Pueblo Inglés).
- Call for applications for 14,000 grants to take part in English-language immersion courses organized by Menéndez Pelayo International University.

The courses last for one week and comprise forty teaching hours. They are intensive and aimed at young people under the age of thirty with an intermediate to advanced level of English.

- Grants for studying abroad on English language courses addressed to holders of Master’s degrees in Teaching for secondary education, vocational training and language teaching, and for primary school teachers.
- Grants addressed to newly qualified teachers for English proficiency courses abroad lasting for at least four weeks with a minimum of twenty teaching hours per week.

These grants include an alternative option for language immersion courses focusing on the development of oral skills.
Since the approval of the Spanish Constitution in 1978, the Spanish education system has undergone a process of change in which Central Government has gradually transferred functions, services and resources to the Autonomous Communities. Between 1 January 1981, when Catalonia and the Basque Country were assigned the means and resources to exercise their powers in education, and 1 January 2000, when Asturias, Castile-La Mancha, Castile and León, Extremadura and Murcia received the same treatment for non-university education, all of the Autonomous Communities have assumed the necessary functions, services and resources for both university and non-university education.

In the decentralized management model of the Spanish education system, powers are shared between Central Government, the Autonomous Communities, local government and educational establishments. The State has retained exclusive powers in ensuring the basic unity and homogeneity of the education system and the basic equality of conditions of all Spaniards in the exercise of their fundamental educational rights, as set out in the Constitution. For the most part, these are regulatory powers governing basic aspects of the system, although some are more executive in nature.

The Autonomous Communities have powers to draft regulations implementing State legislation and governing non-core elements and aspects of the education system, together with executive and administrative powers to manage the system in their region, with the exception of powers reserved for the State.

The legislation does not afford the status of education authority to local authorities but it does recognize the possibility of their working with the State and regional authorities on the development of education policy. The municipalities work with the competent education authorities on the creation, construction and maintenance of public schools and on the performance of auxiliary activities and services. Municipal participation is also possible through the Boards of Education of the Autonomous Communities (Consejos Escolares Autonómicos) and the Board of Education (Consejo Escolar) of each teaching institution.

The Ministry of Education, Culture and Sport is the Central Government body responsible for proposing and implementing government guidelines on education policy. Central Government has an Education Inspectorate (Alta Inspección Educativa) in each Autonomous Community, charged with the exercise of government functions in this area. These functions include verifying compliance with regulations and the basic conditions guaranteeing
equality for all Spaniards in the exercise of their rights and duties in relation to education, the inclusion of core content in the curricula of the Autonomous Communities, and compliance with State requirements and the conditions for awarding qualifications. The Ministry itself acts as the education authority in Ceuta and Melilla.

Each Autonomous Community has set up its own educational management model, some with a regional ministry, others with a department, based on the roles they have adopted and the services they have received in their respective statutes.

Not all municipalities have a uniform organizational structure with educational powers, although it is customary for larger municipalities to have an Education Department.

Given that powers in education are split among various levels, coordination between the education authorities is key to ensuring the proper performance of certain functions, such as decisions on education policy that affect the whole system and general education planning, the sharing of information to obtain education statistics, educational research, general assessments of the education system, general teacher organization and training, and the registration of teaching institutions.

The bodies with responsibility for administrative coordination and the exchange of information on general education planning are the Education Sector Conference (Conferencia Sectorial de Educación) and the General Conference on University Policy (Conferencia General de Política Universitaria), which are composed of the Regional Ministers of Education of the Autonomous Communities and the Minister Education, Culture and Sport. The role of these bodies is advisory.

PARTICIPATION OF THE EDUCATION COMMUNITY

The Spanish Constitution provides that the public authorities shall guarantee social participation in general education planning. Social participation is enshrined as one of the guiding principles of the education system; it is regarded as a democratizing factor that leads to increased responsiveness to social needs and an essential tool for improving the quality of teaching.

Within the various levels of education management, including the teaching institutions themselves, there are diverse bodies whose aim is to ensure the social participation of all sectors of the educational community. At State level, this body is the State Board of Education (Consejo Escolar del Estado); across the country, Boards of Education are set up at regional, provincial, district, municipal/local and Autonomous Community level. Lastly, non-university education establishments have an Institutional Board of Education, or Social Council for Integrated
Vocational Training Institutions, while universities have a University Social Council.

There are also several State bodies that participate in institutions in an advisory capacity: the General Vocational Training Board (Consejo General de la Formación Profesional), the Arts Education Council (Consejo Superior de Enseñanzas Artísticas) and the Universities Council (Consejo de Universidades).

The State Board of Education is a national body created to ensure social participation in the general planning of education and offers advice on parliamentary bills and regulations to be presented or issued by the Government. The Board represents all social sectors involved in teaching. It advises on general education planning and the basic legislation implementing Article 27 of the Constitution and the general organization of the education system. It also sets the core curriculum, regulates qualifications, works to ensure equal rights and opportunities in education, sets minimum requirements for education establishments and deals with any important issues referred to it by the Minister of Education, Culture and Sport.

In turn, the regional, provincial, district, municipal/ local and Autonomous Community boards of education are senior consultative bodies set up to promote social participation in non-university education in their geographical area.

The General Vocational Training Board is a tripartite consultative body with interministerial institutional participation charged with the task of advising the Government. In addition to Central Government, which alternates the chair between the Ministry of Education, Culture and Sport and the Ministry of Employment and Social Security, trade unions and business are also represented on this Board.

The Arts Education Council is both a consultative and participatory body that advises on art education, particularly advanced-level studies. It is composed of the Ministry of Education, Culture and Sport, local and education authorities, teacher and student representatives, the directors of institutions for higher arts education and figures of prestige from the field.

Lastly, the Universities Council has the functions of academic planning, coordination, consultation and proposals relating to university studies.
EDUCATION POLICY

Within this system of distributed powers in education, the Ministry of Education, Culture and Sports has responsibility for implementing EU-driven reforms. The reference framework for these reforms is the European Union’s Europe 2020 strategy, one of the aims of which is to reduce early school leaving in European countries by 10%. This is particularly important in countries like Spain, which had a 26.4% drop-out rate in education and training in 2011. This figure represents the population aged 18 to 24 who have not completed their non-compulsory secondary or post-ESO education and have not embarked on any further study or training.

Having achieved the constitutional principle of universal education, Spain must now focus on improving quality through dialogue and the participation of the entire education community. The reforms must usher in a substantial improvement in quality while upholding and reinforcing basic equality and equal opportunities, in order to foster effort, merit, excellence, responsibility and respect for teaching staff.

On 24 April 2012, Royal Decree-Law 14/2012 of 20 April setting out emergency measures to rationalize public spending in education was published in the Official State Gazette (Boletín Oficial del Estado). The Decree contains adaptations of sectoral legislation, both educational and university, intended to afford greater academic planning flexibility to education authorities so as to increase spending efficiency.

The measures adopt a threefold approach: no substantial impact on the quality and coverage of the public education service; ensuring equality and preventing socio-economic status from acting as a barrier to the development of talent, and considerable flexibility allowing Autonomous Communities to tailor their use of the measures to their particular fiscal consolidation requirements.

The measures are either ad-hoc and temporary (and hence, reversible when economic or financial conditions change) or structural (in that they will bring about greater efficiency in service delivery with a potential knock-on effect on quality) and cover both non-university and university education.

The measures for non-university education are:

• Ad-hoc measures.
  - Proposal to increase class sizes by 20%, currently set at twenty-five pupils per class in primary schools and thirty in secondary schools. This measure will remain in force while restrictions apply to the recruitment of entry-level staff for public employment vacancies.
  - Postponement of the implementation of the
2,000-hour modules set out in the Education Act for intermediate- and higher-level vocational training cycles; its introduction for the 2014-2015 academic year is deferred.

• Structural measures.
  - Increase in teaching hours to ensure compliance with objectives, core competences and content of the various levels, in accordance with the curriculum. A minimum of twenty-five teaching hours is set for early childhood and primary education and twenty hours for other levels. This measure refers specifically to hours spent teaching, regardless of the working hours applicable to teaching staff in public employment under the general system established for the civil service.
  
  - Change in the criteria for appointing substitute teachers at public or publicly funded schools. Absences of less than ten school days must now be covered by the centre’s own resources.
  
  - Elimination of the requirement for schools to offer at least two Bachillerato streams under the terms provided in the Education Act. Thus far, schools were required to offer at least two Bachillerato streams, regardless of the number of their students. The new regulation eliminates this requirement and allows education authorities to plan their resources according to their needs without compromising the rights of students, which are upheld.

The 2012 and 2013 budgets of the State Secretariat for Education, Vocational Training and Universities (Secretaría de Estado de Educación, Formación Profesional y Universidades) of the Ministry of Education, Culture and Sport are framed by the Government policy to contain public spending as a result of the unfavourable economic situation. The measures are intended to increase the efficiency of public resources, encourage transparency and ensure implementation of the budget.

In this context, the criteria guiding the policies to be implemented in non-university education during 2013 are:

  • Maintenance of the necessary resources to guarantee general scholarships, allowing exercise
of the constitutional right to education enshrined in Article 27 of the Spanish Constitution and upholding the principle of equity of the Spanish educational system.

- Maintenance of policies intended to counteract weaknesses in the system, i.e. the high rates of early school leaving in both education and training.
- Development of vocational training tailored to employment with the aim of improving youth unemployment rates.
- Integration of these policies into the European funding framework to maximize available resources with the support of EU structural funds.
- Modernization of education policies and creation of budget niches with which to fund these policies through new Information and Communications Technology (ICT) and foreign language learning programmes.

All of which is based on the principles of transparent budget management and efficient allocation of public funds.

EDUCATION INITIATIVES

The decision on the regional cooperation programmes carried out in 2012 was taken after consultation with the relevant figures of the Autonomous Communities with responsibility in this area who sit on the General Education Committee (Comisión General de Educación) of the Sector Conference. The programmes included a tutoring programme to address the needs of students with learning difficulties either due to personal circumstances or the socio-cultural environment of the student. A similar programme was implemented in the previous term of office.

A programme to reduce early school leaving in education and training was also launched as a continuation of the previous programme to reduce early school leaving. The aims of this programme are to hold on to students currently in the education system and to encourage those who have left without qualifications to rejoin the system.

The www.leer.es virtual centre is maintained as an initiative that seeks to contribute to academic success and combat school drop-out and failure through reading, which is considered a basic learning tool. The platform offers resources for the entire educational community and for society in general, with the aim of forming a comprehensive plan of action to promote reading as a fundamental tool for lifelong learning.

Other programmes include that aimed at improving foreign language learning through extra actions geared towards both teachers and students. Efficiency criteria apply to the allocation of these grants.

One of the new programmes underway is the
Information and Communications Technology Programme (Programa de Tecnologías de la Información y de las Comunicaciones), which seeks to implement a new technology policy that extends beyond the idea of a programme based on the purchase of individual computers. It is characterized by the implementation of infrastructure coordinated with teacher training and the introduction of the tools, thereby cutting the cost of the teacher training programme. It offers a unified policy for creating educational resources in coordination with the Autonomous Communities and improved use of the content aggregation platform, which requires a prior study of the feasibility of the implementation or development of a common platform for management and shared use by the Autonomous Communities of both paid teaching materials and free digital textbooks and materials. Other characteristics of the programme include the monitoring, assessment and coordination of initiatives and the promotion of the use of virtual learning environments in classroom teaching and individualized learning tailored to student needs.

The National Institute of Educational Technologies and Teacher Training (Instituto Nacional de Tecnologías Educativas y de Formación del Profesorado), under the Ministry of Education, Culture and Sport, continues to host teacher training actions. The Institute designs teacher training models and develops and distributes curriculum materials and other supporting documents for teachers. Teacher training activities are also scheduled to be included in the Information and Communications Technology Programme through their integration with the other ICT activities.

Several vocational training for employment projects will receive attention in 2013. The idea is to develop the teaching of vocational training towards an inclusive, stable and equitable social and economic model capable of dealing with economic tensions and labour market strains in the future. These policies are backed by a strong commitment to boost the appeal of vocational training and progressively involve companies in the design and range of the training courses of their future workers.

The vocational training policy seeks to set up a model with significant employer input, similar in nature to the dual model whose efficiency has been proven in countries such as Germany and Austria, but which takes into account the special characteristics of our country and its education system. Before the model is finally adopted, a thorough analysis will be conducted of the strengths and weaknesses of the current system, the basic structure of which dates from the Organization of the Education System Act of 1990 (Ley Orgánica 1/1990), with the modifications made to adapt it to the Vocational Training and Qualifications Act of

KEY MEASURES AFFECTING UNIVERSITY EDUCATION

Spain’s future depends on its education system. One of the keys to making the Spanish economy more competitive lies in the training and qualification of the best resource we have to create wealth: our human capital. This requires a reform of our universities. We need to focus all our efforts on innovation, excellence and the internationalization of our university system.

Achieving these goals requires the pursuit of excellence and competitiveness in education, research and innovation. We must ensure that our universities are a powerful source of job creation, entrepreneurship and knowledge transfer where Spanish companies can meet part of their needs and obtain success on global markets, and where they can find answers to the social, cultural, environmental and energy challenges of our society.

The Ministry of Education, Culture and Sport has appointed an expert commission to conduct an assessment of the university system and report on the most appropriate measures to raise teaching standards, foster internationalization and increase competitiveness. The commission started working on its task in May 2012.

To begin with, the commission is working on six areas: university governance; assessment, excellence and competitiveness; university lecturers and professors, and access to teaching positions; funding; courses of study, and students.

The future report of the expert commission will serve to reorient the policy of the Ministry of Education, Culture and Sport in university matters. Until that time, the scheduled initiatives include:

• Mobility and internationalization grants for lecturers
and doctoral students receiving the academic distinction of excellence (mención hacia la excelencia). The purpose of these grants is to promote stays by visiting lecturers selected in international competitions and the mobility of doctoral students to foreign universities for periods of more than three months, allowing them to complete their doctoral degree with a “European Mention”.

- Help for graduates to access employment.
- Promoting university activity in knowledge transfer and the leveraging of scientific production in order to bring it up to the level of the world’s top universities.
- Encouraging students to embark on a career in science.
- Fostering universal accessibility and inclusion in universities.

Several activities are scheduled to be implemented by the Secretariat General for Universities (Secretaría General de Universidades), under the Ministry of Education, Culture and Sport, to increase the international visibility of Spain’s universities. These include the Secretariat’s active collaboration in events to celebrate the eighth centenary of the creation of the University of Salamanca, due to be held in 2018. The event will have far-reaching implications and involve universities both from Spain and abroad with the idea that it will pay homage to universities in general and their contribution to society. The activity is a State project coordinated by the Government with the participation of several public authorities with responsibilities in this area.

Given the current climate of economic crisis and fiscal adjustments, the university system is unlikely to receive the levels of public funding that it received in previous years. This does not mean, however, that efforts will not be made to optimize opportunities, services and facilities to try and offset this limited income with increased private investment.

This is no mean feat in the light of Spain’s economic situation, but times of crisis are also times of opportunity and the Government plans to make the most of the situation by finally putting to work the solid ties between university and business, which have been awaiting consolidation for some years now and are one of the keys to our future. Spanish universities need to adopt this new approach and design their activity with the present and future needs of our productive sector in mind, ensuring that Spanish business sees the university system as a partner with whom it can overcome even the most difficult hurdles. For the Ministry of Education, Culture and Sport, attracting the very best private initiative is key to meeting the goals it has set and represents an important step in the right direction.

One of the tools being developed to obtain a comprehensive overview of the Spanish university
system is the Integrated Information System on Indicators of the Spanish University System (*Sistema Integral de Información de Indicadores del Sistema Universitario Español*). This system, designed to provide reliable, updated and immediate data, will increase transparency, foster responsibilities and guide policies in our universities.

The criteria and protocol for implementing a Cost accounting model in Spanish public universities (*Modelo de contabilidad de costes en las universidades públicas españolas*) have also been defined for the purpose of improving and promoting accountability, which will be voluntary in 2012-2013 and mandatory in 2013-2014.

Lastly, procedures have been improved to increase the transparency, efficiency and legal certainty of the verification of bachelor’s, master’s and doctorate degrees and teacher accreditation systems.
Chapter XII

FOOD, RURAL DEVELOPMENT AND THE ENVIRONMENT

Strawberry growing in Huelva, Andalucia.

Photo: Ministry of Agriculture, Food and Environment.
THE SPANISH AGRI-FOOD SYSTEM
NATIONAL AGRICULTURAL POLICY

National agricultural policy, in the framework of the European Union's Common Agricultural Policy (CAP) and Common Fisheries Policy (CFP), ascribes a range of specific priority goals to agriculture, livestock farming and fisheries: to bolster and increase safe, high-quality, market-oriented and sustainable production in terms of economic and social viability and of environmental practices and standards, which must, in addition, fulfil the indirect functions that society demands of these activities in relation to rural land management, biodiversity conservation and consumer health.

Agriculture in Spain is a strategic sector commanding high significance in terms of social repercussions, land use, the environment, and economy. This assertion rests upon the following facts:

• Half the land area of Spain is dedicated to agricultural and livestock farming activities. 33% of the land is under cultivation, while 16% is given over to fields and pastures. The agri-food sector is one of the most important in the Spanish economy.

• Our country’s agricultural output offers wide diversity and high quality, owing to the special conditions of our climate, soil and genetic resources, to the sophistication of our plant and animal health protection systems, and the high technological development of our crop and livestock farms.
In 2012, the value of Spain’s agricultural output came to €43.151 billion, 4.6% up on 2011 and accounting for 13% of EU-15 output, while employing 753,200 people.¹

Spain's agri-food sector is the country’s leading industry. In 2012, it employed 444,300 people;² in 2011, output came to €83.773 billion, or 20% of all industrial output. Considering agricultural and agro-industrial activity as a whole, employees in this area accounted for almost 7% of all jobs in Spain.

The agri-food export sector showed a consistently positive trade balance, as shown in the following chart:

**Agricultural production**

In 2012, the value of plant production totalled €25.152 billion, accounting for 58% of all agricultural output. The standouts are the fruit and vegetable sector, followed by cereals, olive oil and wine vineyard.

In 2012, the value of fruit and vegetable production totalled €13.825 billion, accounting for 32% of all agricultural output and 55% of plant output.

In 2012, the trade balance showed a surplus of €7.981 billion. The European Union, which takes up 87% of the value of our exports, is Spain’s leading overseas market.

Spain, which has over 2.5 million hectares under olive grove cultivation, is the leading producer of olive oil in both the European Union and the world, representing approximately 50% (55% in the last campaign) and 40%, respectively.

Olive oil production accounts for 8.5% of the value of plant output.

Output in the 2011-2012 campaign achieved an historic milestone in Spain’s olive oil production — 1,600,000 tonnes, or 15% more than in the previous campaign. The driving factors were exceptionally high yields and favourable climatic conditions.

The 2010-2011 campaign was also a significant

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² Source: INE. Labor Force Survey (Spanish “EPA”). 2012 annual average. Employees in the food industry, beverage manufacturing and the tobacco industry.
milestone in so far as the export record was exceeded for the fourth consecutive time. Exports reached 827,711 tonnes (75% of which were shipped to the European Union).

Table olives, like olive oil, show a clearly positive trade balance. A large proportion of output (over 55%) is exported, making for an annual historic average of 250,000 to 300,000 tonnes exported.

Spain is the world’s leading country in terms of land under vineyard for winemaking, and the world’s third-largest wine producer. The land under vineyard in our country accounts for 7% of all arable land. In 2011, vineyard cultivation came to 985,000 hectares (53% red grape varieties, 44% white grape varieties, and 3% varietal blends).

In the 2011-2012 campaign, the provisional wine and grape must output in Spain totalled 38.6 million hectolitres (hL), of which 30% corresponded to wines under Protected Designations of Origin (PDOs), 7% to wines under Protected Geographical Indications (PGIs), 8% to varietal wines, and 55% to other wines.

Wine is a product with a positive trade balance. In 2011, wine exports came to 25 million hL, for a value of €2.471 billion, showing a positive trade balance of €2.012 billion.
The main destination of Spanish exports is the European Union market. In 2011, the five leading wine export destination countries by volume were France, Germany, Italy, Russia and Portugal, and by value were Germany, the United Kingdom, the United States, France and Switzerland.

In 2011, the main category of exported wine by volume was bulk, non-PDO wine.

Cereals, owing to their high adaptability to different soil types and climate conditions, and their available energy and nutritional value, are a key component of human and animal nutrition. The estimated value of grain cereals in 2012 was €4.624 billion, for a production of 21 million tonnes.

**Livestock farming**

In 2012, livestock production totalled €16.362 billion, accounting for 38% of all agricultural output.

The leading livestock sector in Spain is the pork industry, which contributes 37% of the total value of CEREAL CULTIVATION AREA, OUTPUT AND YIELD IN 2011

<table>
<thead>
<tr>
<th>Cereal</th>
<th>2011 Area (x 1,000 ha)</th>
<th>2011 Output (x 1,000 t)</th>
<th>2011 Yield (t/ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common wheat</td>
<td>1,612.0</td>
<td>5,956.3</td>
<td>3.7</td>
</tr>
<tr>
<td>Durum wheat</td>
<td>380.7</td>
<td>943.9</td>
<td>2.5</td>
</tr>
<tr>
<td>Total wheat</td>
<td>1,992.7</td>
<td>6,900.2</td>
<td>3.5</td>
</tr>
<tr>
<td>Six-row barley</td>
<td>421.8</td>
<td>1,177.4</td>
<td>2.8</td>
</tr>
<tr>
<td>Two-row barley</td>
<td>2,276.1</td>
<td>7,150.7</td>
<td>3.1</td>
</tr>
<tr>
<td>Barley</td>
<td>2,697.9</td>
<td>8,328.2</td>
<td>3.1</td>
</tr>
<tr>
<td>Oats</td>
<td>491.3</td>
<td>1,078.7</td>
<td>2.2</td>
</tr>
<tr>
<td>Rye</td>
<td>148.8</td>
<td>366.7</td>
<td>2.5</td>
</tr>
<tr>
<td>Triticale</td>
<td>82.0</td>
<td>205.6</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Total autumn/winter cereals</strong></td>
<td><strong>5,412.7</strong></td>
<td><strong>16,879.4</strong></td>
<td><strong>3.1</strong></td>
</tr>
<tr>
<td>Maize</td>
<td>369.6</td>
<td>4,150.3</td>
<td>11.2</td>
</tr>
<tr>
<td>Sorghum</td>
<td>8.4</td>
<td>39.1</td>
<td>4.7</td>
</tr>
<tr>
<td><strong>Total spring cereals</strong></td>
<td><strong>378.0</strong></td>
<td><strong>4,189.4</strong></td>
<td><strong>15.9</strong></td>
</tr>
<tr>
<td><strong>Total cereals</strong></td>
<td><strong>5,790.7</strong></td>
<td><strong>21,068.8</strong></td>
<td><strong>3.6</strong></td>
</tr>
</tbody>
</table>

Source: Ministry of Agriculture, Food and Environment.
livestock output. Spain is Europe’s second largest producer, behind Germany, with a census of 25.6 million animals. In addition the livestock industry is the most active in international trade, since Spain’s total pork exports have increased to 39% of domestic output. Over the past six years, total pork industry exports have increased by more than 100%.

In 2012, milk production accounted for 16% of livestock output. The cattle census remains stable at around 850,000 head as a result of the application of the scheme of production quotas.

Supported by a census of 6 million animals, beef represented 15% of livestock output in 2012.

Next in economic significance is the poultry sector, with 15%.

The sheep and goat sector, with a census of 19.7 million (17 million head of sheep and 2.7 million head of goat), provided 5% of livestock output. The egg sector represented 8% of livestock output.

The beekeeping sector, independently of its economic significance, is indispensable for its environmental role and its contribution to ecological balance and to improving and maintaining biodiversity. Honey production in Spain totalled 34,624 tonnes in 2011.
Elsewhere, rabbit meat was one of the leading segments within the so-called “minor sectors” of livestock primary production. With an output of 68,229 tonnes in 2011, the rabbit farming sector is proving to be a significant development driver in production areas, which are highly focused on certain mainland territories.

In 2011 the trade balance of the main livestock products was positive as regards meat and offal, processed meat, eggs, honey and other products of animal origin. The trade balance for the milk and dairy sector was negative, however.

The livestock sector is turning to quality-led products in accordance with the European production model, based on high food safety standards and respect for the environment and animal welfare, while remaining consistent with the sustainable use of natural resources.

**NATIONAL FISHERIES POLICY**

**The Spanish fisheries**

Spain has undertaken stringent efforts to adapt its fishing fleet to the potential of fishing grounds with a view to secure the sustainability of fishery resources and comply with the European Union framework. As at 31 December 2011, the Spanish fleet comprised 10,505 ships, of which 10,084 operated in Spanish fishing grounds, 158 operated in European Union grounds, and 263 operated in third-country grounds; it is nonetheless frequent for ships to alternate fishing grounds. 50% of the total fleet is based in convergence target regions (Galicia and Andalucía) while the remaining 50% is based in non-convergence regions (the rest). Spain’s fishing fleet employs approximately 35,000 workers.³

Spain is one of the countries exhibiting the highest fish consumption per capita at close to 36.5 kg a year – more than doubling the European Union average of 15 kg a year. Our fisheries output is accordingly unable to satisfy market demand, and recourse is had to a high proportion of imports.

Spain is one of the world’s ten leading countries by marketed value of fishery products in international trade. In 2011, imports came to 1.7 million tonnes, for a total value of €5.108 billion. Of that amount 27.45% was sourced from Morocco, Argentina, China and Ecuador; a similar percentage was sourced from European Union countries. Exports came to 1.1 million tonnes, for a value of €2.7344 billion, 73% of which was bound for European Union countries and Japan.

In accordance with national and EU laws and regulations, the Spanish Vessel Monitoring System (VMS) enables the competent authorities to obtain satellite positioning of all fishing ships of a length exceeding 15 m (as at 1 January 2005) by means of “blue boxes”.

³ Data published by the Social Institute of the Navy (Instituto Social de la Marina).
Fishing ship owners are required to install these blue boxes, which comprise a GPS unit, a satellite transmitter-receiver station and memory devices. Spain’s Fisheries Monitoring Centre (FMC) is in charge of receiving, analyzing and storing all the information supplied by blue boxes installed on Spanish ships. In addition, Spain’s FMC provides other countries’ FMCs with the positions of Spanish ships in their waters and, conversely, receives the positions of foreign ships in Spanish waters.

The fishing activities of the Spanish fleet of ships having a length of more than 15 m (in accordance with EU and national statutory requirements) are currently monitored almost in real-time in both Spanish waters and in the rest of the world using the Onboard Electronic Logbook. Every ship is equipped with an onboard computer and specific electronic logbook software. The master of the ship logs the details of his or her ship’s fishing activity (catches, incidents, landings, etc.) and transmits them via satellite at least once daily. The data are received at the electronic logbook communications centre, and then stored, analyzed, and used to monitor fishing activities. In addition, pursuant to current EU law, the data are automatically re-transmitted to other coastal countries where the Spanish fleet is operating, including both EU Member States and third countries with which electronic data transfer has been agreed under the relevant fishery agreements with the European Union. The fishing activity data recorded in electronic logbooks are received from foreign ships operating in Spanish waters.

**Spanish aquaculture**

In parallel to conventional fisheries, the aquaculture sector has grown powerfully in Spain. The extent of productive and technological development of recent years has made aquaculture a source of food that supplements conventional fishing and greatly benefits the sustainability of fishery resources.

Production of marine and inland aquaculture species in 2011 totalled 253,841 tonnes: 189,089 tonnes of mussels, 64,752 tonnes of other fish, mollusc and crustacean species. Standouts among fish species were 19,432 tonnes of gilthead bream, 10,306 tonnes of sea bass, and 6,882 tonnes of turbot, in marine
spaces, and 17,396 tonnes of trout in the field of inland aquaculture.

The Spanish fisheries authorities have a fishery research and support fleet, built over the past eight years, comprising ships such as the *Emma Bardán*, the *Vizconde de Eza* and the *Miguel Oliver*.

The fleet provides the most accurate and reliable tool to evaluate and ascertain the state of fishing grounds and their marine resources. The multidisciplinary campaigns now underway allow for interpreting the data obtained in relation to scientific fields as diverse as physics, chemistry, marine geology, biology and the environment, inter alia.

These floating laboratories are becoming an essential benchmark of Spanish fisheries and scientific policy, and one of the underpinnings of decision-making in the European and international arena, thanks to the highly technical and rigorous information provided in their various fields of concern. In addition, they are an indispensable element of fisheries cooperation with third countries: they operate on a schedule of 7-9 annual campaigns, and are active 315 days a year on average.

**NATIONAL FOOD POLICY**

The global strategy of food policy is to improve the marketing and quality of agri-food products.

Support for the values of quality and organic farming and a balance in the value chain are elements of Spain’s food policy that help frame the basic rules of this important economic sector throughout national territory, and thus provide a blueprint for harmonized implementation throughout all the Autonomous Communities.

The Spanish system of differentiated quality linked to geographical origin, tradition and organic farming methods, which integrates the recognized quality marks that underpin the reputation of our output, constitutes an effective tool to improve the competitiveness of our businesses.

The United Nations Educational, Scientific and Cultural Organization (UNESCO) has included the Mediterranean diet on the list of Intangible Cultural Heritage. Many of our food products, such as fruit, vegetables, fish, olive oil, wine, nuts and pulses, form part of the Mediterranean diet, and this UNESCO...
recognition accordingly bolsters the quality of our agri-food system.

Agri-food trade transactions in 2011 and from January to September 2012, set out in the table below, show a positive trade balance for Spain. Our strengths are the quality and competitiveness of our products.

The Ministry of Agriculture, Food and Environment is working towards improving the integration and functioning of the food chain so as to enhance the effectiveness and competitiveness of the agri-food sector and so achieve a better balance in trade relations among the various operators of the value chain. The overarching aim is to arrive at the best distribution of the benefits generated by the system so as to make it sustainable.

A further goal is to follow the recommendations issued by the National Competition Commission in its report of 5 October 2011 on relations among manufacturers and distributors in the food sector.
RURAL DEVELOPMENT
RURAL DEVELOPMENT POLICIES

Over the past few years two packages of measures have been applied to rural development: first, the European Union framework arising from the application of Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and Council Regulation (EC) No 74/2009, amending the former; and, secondly, the national framework, consequent upon the application of the Rural Environment Sustainable Development Act of 2007 (Ley 45/2007), which supplements the programmes co-financed by the EAFRD.

Council Regulation (EC) No 1698/2005 specifies the priorities and development measures capable of co-financing using EAFRD funds. The purpose of these funds is to carry on policies consistent with the Lisbon objectives (competitiveness and employment) and Goteborg objectives (sustainable development and environment). Other objectives to be achieved are the improvement of quality of life in the rural environment, by maintaining financial priority for convergence regions and a horizontal approach to equality of opportunity.

<table>
<thead>
<tr>
<th>Axis</th>
<th>Co-financed public expenditure (millions of euros)</th>
<th>Total public expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EAFRD</td>
<td>NATIONAL FINANCING</td>
</tr>
<tr>
<td></td>
<td>C.G*</td>
<td>REGION</td>
</tr>
<tr>
<td>Axis 1</td>
<td>3,383.51</td>
<td>1,532.09</td>
</tr>
<tr>
<td>Axis 2</td>
<td>3,389.06</td>
<td>1,087.60</td>
</tr>
<tr>
<td>Axis 3</td>
<td>298.69</td>
<td>72.32</td>
</tr>
<tr>
<td>Axis 4</td>
<td>879.44</td>
<td>162.75</td>
</tr>
<tr>
<td>Axis 5</td>
<td>102.38</td>
<td>54.76</td>
</tr>
<tr>
<td>TOTAL</td>
<td>8,053.08</td>
<td>2,909.52</td>
</tr>
</tbody>
</table>

Source: Ministry of Agriculture, Food and Environment.

* CG: Central Government
For the setting in motion of these regulations, the Ministry of Agriculture, Food and Environment, in cooperation with the Autonomous Communities, prepared the National Strategic Plan of Rural Development and the National Rural Development Framework 2007-2013, which set out national guidelines on development actions and established certain measures to be implemented horizontally throughout the country, so encompassing all rural development regional programmes.

In the period 2007-2013, these measures are applied in Spain through 17 regional rural development programmes (one for each Autonomous Community) and the National Rural Network Programme. Regional programmes include the horizontal measures of the national framework, with the Ministry of Agriculture, Food and Environment being the coordinating body. These programmes are co-financed by EAFRD, the Central Government through the Ministry, and the Autonomous Community governments.

The measures are structured into axes that act upon enhancing the competitiveness of the agriculture and forestry sector (axis 1), improving the environment and the rural setting (axis 2), and raising quality of life in rural areas and diversifying the rural economy (axis 3). In addition, the methodological axis (axis 4, “Leader”) focuses on adopting local development strategies embracing at least some of the measures within the other three axes.

In 2009, prompted by the latest reform of the Common Agricultural Policy (CAP) – known as the “Health Check” – rural development policy underwent a range of changes owing to the introduction of EU policy priorities, as set out in Council Regulation (EC) No 74/2009 amending Regulation (EC) No 1698/2005. These priorities take the form of the “new challenges” at the European level: climate change, renewable energies, water management, biodiversity and measures in support of dairy restructuring, and innovation linked to these four challenges.

EU funding for these priorities is implemented through “additional modulation” (transfer of funds from the first pillar of the CAP – prices and markets policy – to the second pillar – rural development policy).

As at 31 December 2011, total planned expenditure for the period 2007-2015 had been implemented in a proportion of 40.52%.

RURAL DEVELOPMENT AND IRRIGATED LAND

Irrigated crops are a key driver of rural development. Since a large part of Spain has a Mediterranean climate, irrigation is needed to ensure crop yields capable of supporting the sustainability of crop and livestock farms. Where irrigation is an entrenched
practice, economic activity becomes diversified, chiefly in the form of agro-industries linked to irrigated crops; the rural population remains stable or grows. Hence the modernization and reinforcement of our irrigated farmland, promoted by the National Irrigated Farmland Plan H-2008, the Crash Plan and subsequent actions taken to further strengthen and improve irrigated farmland, are vital elements of rural development policy, focusing on sustainable water management.

THE ECONOMIC DIVERSIFICATION OF THE RURAL SETTING

The economic and social sustainability of the rural setting must be underpinned by a diversified economy in which agriculture continues to play its twofold role as a producer of food to adequate standards of quality and quantity, and as an element of land-use planning and biodiversity conservation.

In such a diversified economy, agro-industries linked to quality local produce should find their natural place, and services should suitably develop so as to make quality of life in rural areas comparable to that of cities.
THE ENVIRONMENT

The environment—a complex system of high significance for human welfare and for our future—faces a wide range of challenges to its balance and survival. Rising to these challenges is the objective of policies undertaken by the Government within the framework of our membership of the European Union.

ENVIRONMENTAL QUALITY. ENVIRONMENTAL ASSESSMENT

Environmental assessment comprises the full complement of research efforts conducted within an administrative procedure to identify, predict and evaluate the environmental impacts entailed in a proposed project or activity; the purpose of the exercise is to devise suitable preventive and corrective measures designed to avoid significant adverse effects and properly protect the environment and natural resources.

The main objective of the laws and regulations on environmental assessment is to mainstream environmental considerations within decision-making processes at the planning, programming and project levels. Therefore any public or private plan, programme or venture capable of significant environmental effects may be authorized only after appropriate assessment of such effects.

The principles of environmental assessment under EU law have been given effect throughout Spain by means of framework national statutes and implementing regional statutes, introducing requirements on the types of plans and projects that are subject to assessment, developers’ key duties and obligations, the scope of assessment, and involvement of the public authorities and private citizens concerned.

The framework rules on the environmental assessment of projects is set out in the restated Environmental Assessment Act (Ley de Evaluación de Impacto Ambiental de Proyectos) adopted under Royal Legislative Decree 1/2008 of 11 January 2008.

As shown in the chart, the two main sectors attracting the most project assessments in 2012 were water (hydraulic infrastructure and hydrological restoration) and industry and energy, with 38% and 27%, respectively, of all assessed projects. In third
place were infrastructure/transport projects, which attracted 16% of all assessments, followed at some distance by assessments relating to agriculture (irrigation upgrades, 10%) and other fields (9%).

The strategic environmental assessment of plans and programmes drafted and adopted by public authorities is governed by the Public Initiative Environmental Assessment Act of 2006 (Ley 9/2006). In this regard, standouts among the strategic environmental assessments conducted by Central Government in 2012 included the hydrological plans for the Miño-Sil, Guadalquivir, Duero, Guadiana, Cantábrico Occidental and Cantábrico Oriental river basins.

To assure the transparency of the process and public involvement, private citizens are able to take part in the consultation and public reporting phase of the environmental assessment of both private projects and public plans and programmes. A citizen may file claims and comments in response to the various environmental documents generated throughout environmental assessment processes.

PROTECTION OF THE ATMOSPHERE. CONTROL OF EMISSIONS

The European Environment Agency estimates that the emission of atmospheric pollutants in European countries over the next two decades will decrease as a result of the gradual introduction of emission control laws and regulations, current and future, and due to structural changes in energy and mobility systems. It is thought that the greatest decreases will relate to energy-related emissions (particularly, primary SO$_2$, NOx, COV and PM-2.5); agricultural emissions are forecast to decrease at a slower rate.

In Spain, air quality assessment, as conducted in accordance with prevailing laws and regulations, shows that, despite an improvement in air quality over recent years, isolated situations persist that must be rectified, particularly in the major conurbations – this being a widely prevalent problem throughout Europe – as do a number of specific issues regarding industrial pollution.

WATER POLICY

Water is a public asset directly linked to the socioeconomic development of any given territory.
Such development is constrained by the availability of water in a sufficient quantity and to an adequate standard of quality for people to carry on their lives, and for the productive, industrial, agricultural and recreational activities that sustain them and raise their quality of life to be conducted appropriately. The importance of the socioeconomic use of water must find its complement in its intrinsic environmental value, which is vital to the survival of a wealth of different ecosystems. Given these three facets of water management – social, economic and environmental – the authorities concerned must implement effective policy on water demand and sustainable and efficient management of publicly owned water resources, in compliance with the principles of water use rationalization and economy.

The water policy of the Ministry of Agriculture, Food and Environment is guided by the principles of protection and recovery of bodies of water, in conjunction with sustainable water use, in accordance with Directive 2000/60/EC of the European Parliament and of the Council establishing a framework for Community action in the field of water policy (the Water Framework Directive).

To achieve these objectives, hydrological planning is conducted on two levels: river basin hydrological plans, and a National Hydrological Plan. Most of the river basin hydrological plans were adopted in 1998, and are now gradually coming under review so as to apply the approach and requirements introduced by the Water Framework Directive. The National Hydrological Plan was adopted under the National Hydrological Plan Act of 2001 (Ley 10/2001).

Under Spanish law, any action taken upon publicly owned bodies of water or water resources is subject to hydrological planning.

It is one of the fundamental purposes of the Ministry of Agriculture, Food and Environment to secure water availability and quality throughout all Spanish regions, on the basis of fairness for all sectors of society and all corners of national territory.

Water demand management in Spain is governed by complex implementing regulations stemming from the Water Act of 1985, the forerunner of which was
the Water Act of 1879. Today, the rules are chiefly contained in Royal Legislative Decree 1/2001 of 20 July 2001 enacting the restated text of the Water Act. The modern system of water management by public authorities has developed over the course of the twentieth century by means of the gradual creation of “hydrographical confederations”, or river basin management bodies having jurisdiction within hydrological districts. A river basin is the area of land from which all surface run-off flows through a sequence of streams, rivers and, possibly, lakes into the sea at a single river mouth, estuary or delta. As a water management unit, the river basin is treated as indivisible, so allowing for management of the complete cycle of both surface and groundwater. Water demand management is planned and secured, for the supply of drinking water to localities, supply to irrigated land and irrigated public areas, and supply to industry and to hydropower facilities, through suitable management of water resources under public ownership. The Comisarías de Aguas (“water commissariats”) of the river basin management bodies
are in charge of processing operating concessions, administrative authorizations and undertakings of liability within the purview of publicly owned water resources.

Since the present system of energy production contains a large proportion of wind power, which is intermittent, hydropower has become newly crucial in its role of providing an immediate response to excessive peaks and troughs in wind power generation.

Against this background, technical and economic viability studies are being undertaken for the installation of reversible hydropower facilities using existing reservoirs under public or private ownership.

One of the key objectives of hydraulic policy is to protect the quality of inland surface water and groundwater bodies by monitoring their status on an ongoing basis.

In the context of the Water Framework Directive, “surface water status” is the extent of alteration of a body of surface water with respect to its natural conditions, determined by the poorer of its ecological status and its chemical status.

“Chemical status” is an expression of the extent of compliance with environmental quality standards in the matrices (water, sediment and biota) established by regulations for pollutants present in a surface body of water.

“Ecological status” is an expression of the quality of the structure and functioning of aquatic ecosystems associated with surface waters, classified in accordance with a range of biological indicators (invertebrate benthic wildlife, other aquatic flora, phytoplankton and fish wildlife), and physical/chemical and hydro-morphological indicators. This classification is conducted on relative terms, i.e., on the basis of the deviation from natural conditions in the absence of pressures: the reference conditions.

- The Monitoring Control Programme embraces a representative network of control stations distributed throughout the water bodies of the country, making for a total of 2,201 river stations, 169 lake stations and 434 reservoir stations.
The results obtained from this programme are analyzed and used to specify the requirements for monitoring programmes for present and future hydrological plans for river basins.

- The Supply Monitoring Programme, designed to monitor water bodies allocated for drinking water supply.

- The Bathing Water Monitoring Programme. Bathing waters are those where bathing is expressly authorized or not prohibited and a significant number of bathers actually make use of this permission.

The inland water bathing season in Spain generally begins in June and ends in September; the seashore bathing season begins in early May and ends in late September, except in the Canary Islands, where the season is practically year-round.

- The Programme of Automatic Control of Water Quality is designed to produce ongoing data on water quality and transmit it in real time to the Ministry of Agriculture, Food and Environment and to the data processing centres located at the river basin management bodies.

The SAICA network (Automatic System of Water Quality Information) in 2011 comprised 181 automatic alert stations distributed across the river basin management districts and sited in particularly critical areas (supply, protected areas, etc.) requiring preventive action, and points at which pollution episodes are foreseeable (large conurbations, industrial waste, etc.). This complex and sophisticated system of control is capable of ascertaining the quality of our water.

Water quality in Spain has been diagnosed since the 1980s by means of the General Quality Index (Índice de Calidad General, ICG). This index is obtained by combining 23 water quality parameters. The ICG ranges from 0 (highly polluted water) to 100 (unpolluted water).

The quantitative status of groundwater bodies is determined by a piezometric network, and their chemical status is ascertained by a monitoring network. These networks allow for an assessment of the quantitative status of groundwater bodies, and their quality status in terms of diffuse contamination or salinization by seawater intrusion.
A focus on improving water quality is one of the ongoing themes of water policy. A standout is the 2007-2015 National Water Quality Plan: Cleanup and Purification, which meets the demand’s of European directives, while lending continuity to earlier plans. The cooperation commitment between Central Government and regional governments is established by bilateral protocols that specify programmes of action and the parties’ mutual undertakings to assure the future functioning and management of the related infrastructure.

Water is also a source of risk. Floods are one of the hallmark features of the Iberian Peninsula as a result of the Mediterranean climate, and constitute the natural risk that causes the most damage in our country.
The traditional approach to this risk has been to seek structural solutions (dams, channels, protective trenches, etc.). However, it is necessary to supplement these measures with other forms of action that improve the way in which this risk is managed.


In general, the implementation of this Directive is being achieved to an optimum degree. During the first phase – preliminary assessment of flood risk – close to 9000 km of waterways and 1000 km of coastline carrying a high flood risk were identified. These have now become the target of danger and flood risk maps, which will specify flood areas, delimit publicly owned water resources in those areas, and estimate the damages that such floods would cause.

Drought also causes damages that must be managed using suitable instruments:

- All the inter-region river basin management bodies have in place Special Plans of Action in States of Alert and Contingent Drought (Spanish “PES”) as management instruments to detect hydrological drought and adopt measures to minimize the related effects on meeting water demand and on the environment.

- The National Drought Observatory, as a centre of knowledge, prediction, mitigation and monitoring of the effects of drought throughout national territory.

The National Water Council, as a higher organ of consultation and participation in the fields within its purview, and the various departments of the Central Government, the Autonomous Communities, local authorities, river basin management bodies and the sectors concerned. It is mandatory that the National Water Council issue a report on all matters relating to water resources.

WASTE MANAGEMENT

The Waste and Contaminated Soils Act of 2011 (Ley 22/2011) is the implementation in national law of Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives. This statute constitutes the new legal framework for waste management in the coming years. It enshrines the principle of a hierarchy of wastes that is to be applied in waste policy. This principle accords priority to waste management options as follows: prevention, preparation for reuse, recycling, other forms of value recovery including devices.

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4 All the preliminary studies are available over the Internet via the map viewer of the National System of Flood Area Cartography (Sistema Nacional de Cartografía de Zonas Inundables), and, maps will be added throughout 2013 and 2014 as they are produced.
The statute therefore constitutes a bid for waste prevention, taken as the full range of steps taken before a product becomes waste, so as to reduce the quantity and hazardous-substance content and the adverse effects on human health and the environment. In line with the EU Directive, the new law points the way towards a recycling society that is concerned to return the resources contained in waste to the productive process.

The statute also modernizes the legal framework for waste production and management in relation to the duties of producers and businesses undertaking waste management operations; it streamlines administrative procedures (by replacing some of the authorizations prescribed by the former wastes legislation with notifications), and puts in place a procedure for electronic information transfer. In addition, a single register is established of waste production and management that supports information exchange among the public authorities concerned. These measures improve the availability of information, and the transparency and traceability of wastes throughout the production/possession/management chain (timeline of producers and managers, information to be reported to relevant environmental authorities, etc.).

Moreover, the text provides a range of measures to articulate waste policies such as programmes for waste prevention, waste management plans and programmes, and the possibility of implementing economic measures (taxes, levies).

Some aspects of the Wastes Act that required clarification and greater legal certainty (legal framework of schemes of deposit, return and yield of collective systems for the wider liability of producers), or improved administrative simplicity (procedure for the authorization of collective systems for the wider liability of producers, general notifications of waste transfers, etc.), have been amended under the Emergency Environmental Measures Act of 2012 (Ley 11/2012).

In April 2012, the Waste Coordination Committee...
(created by the Wastes Act) met for the first time; it held a second meeting in December. In the framework of this Committee the following working groups were created, which will address various issues relating to waste management: organic matter, streamlining, standardization and electronic processing, financial guarantees, electrical and electronic device waste, laws and regulations, and byproducts.
ENVIRONMENTAL CONSERVATION:
PROTECTED SPACES

In 2012, 27.83% of the total land area was protected space. Spaces are protected by various instruments, such as the various Protected Natural Space statutory classifications, and the Natura 2000 European ecological network, which in turn comprises Sites of Community Importance (SCIs), Special Areas of Conservation (SACs) and Special Protection Areas (SPAs) for birdlife.

The Natura 2000 network is designed to ensure throughout the territory of the European Union the long-term survival of natural and semi-natural habitats and the most important and threatened wildlife species of Europe. As at December 2012, the Natura 2000 network accounted for a total of 14,789,797.07 ha in Spain, of which 13,760,465.10 ha related to the land environment (27.18% of the land area of Spain), while 1,027,408.77 ha related to the marine environment. It comprises 1,446 Sites of Community Importance (SCIs), of which 273 have been declared Special Areas of Conservation (SACs), and 598 Special Protection Areas (SPAs) for birdlife.

FORESTRY POLICY: FIGHT AGAINST FOREST FIRES

The forest area of Spain, which occupies more than 27,000,000 ha, is highly significant in the production of private and public assets. In addition to producing wood, game and fish, fruit, pasture and other commercial goods such as mushrooms, Spain’s forest offers public benefits of high importance that contribute to our welfare: regulation of the water cycle – thus helping prevent desertification – contribution of oxygen, and capture of greenhouse gases, such that it constitutes a vital redoubt that protects biodiversity. Spain’s forest policy, as that of other European countries, is accordingly directed to protect this key multifunctional role of the forest and its sphere of influence. The aims are to preserve and increase forest heritage by acting effectively against...
FOOD, RURAL DEVELOPMENT AND THE ENVIRONMENT

its key threats (pests, diseases and forest fires), and designing a new national strategy to develop the energy use of forest biomass in a way that takes a comprehensive view that goes beyond the residues of logging and silviculture processes.

Our forests also help prevent soil erosion and desertification: these are risks threatening a considerable portion of the country’s land area. Erosion causes average soil losses in excess of 15 tonnes per hectare in seven Autonomous Communities, while in a further three the losses exceed 12 tonnes per hectare.

Forest fires constitute one of the main threats to our forests.

In 2012, both incipient and fully fledged fires were fewer than the average of the past 10 years (2001-2010): 9.7% lower in general number of incidents, and 14.9% lower in number of fully fledged fires. However, the wooded area burned by fire was 118.4% greater than the average for the past ten years.

COASTAL CONSERVATION

Spain's coastline strip is a particularly unique environment comprising a wide variety of climatic, marine, geological and sedimentary settings. Moreover, by reason of its geographical location and socioeconomic conditions, Spain is particularly vulnerable to climate change, throughout the coastal area in particular.

This space is the site of highly traditional activities such as fisheries, coastal tourism and trade-related maritime transport, as well as other economic activities closely tied to the coastline space, such as aquaculture, all of which are fundamental to the socioeconomic and cultural development of our country.

Coastline policy constitutes a key instrument of the Government of Spain to ensure the environmental
protection and public use of the coast and such economic, cultural, sporting and other activities as may be consistent with coastal conservation so as to ensure sustainable development of our coasts.

The Coasts Act of 1988 (Ley 22/1988) defines and delimits the area of the publicly owned seafront (Dominio Público Marítimo-Terrestre, DPMT), in accordance with the Spanish Constitution. Such area comprises: the seashore and the banks of estuaries, including the seafront, and the beaches, dunes, cliffs, marshes and other low wetlands; territorial waters and inland waters, with their bed and subsoil; and the natural resources of the economic zone and the continental shelf.

The publicly owned seafront, thus defined, is delimited in practice by means of boundaries that fix the physical lines identifying the specific plots of land within the DPMT.

The management of the DPMT is intended to defend the integrity of the coastline environment and its balance and physical development by protecting and preserving its natural value and properties; to assure its public use and enjoyment, open to all; and rationally to make use of its resources through economic, tourist, etc. activities that are consistent with its conservation. This entails having regard to and striking a balance among the various legitimate interests impinging on the DPMT (aquaculture, shellfishing, fishing, leisure, tourism, environmental concerns, ports, etc.).

Moreover, the DPMT forms the subject matter of the powers of several different public authorities (national, regional, local and even international); an absolute priority is accordingly that all these authorities’ roles be harmonized, coordinated and brought into alignment with one another. This is the objective of Integrated Coastal Zone Management (Sistema de Gestión Integrada de las Zonas Costeras), which has been accepted internationally and at the European Union level as a vital tool for the sustainable development of coastal regions.

In the specific field of coastline protection and improvement, the Ministry of Agriculture, Food and Environment has been working on preventive measures to control the processes of erosion and deterioration of the seashore; protect and restore coastal ecosystems; regenerate and restore damaged coastal spaces; rectify any actions standing in the way of or restricting rational public use of the coastline; take steps to improve the environmental quality and public use of the coastline; and create infrastructure linked to the environment, such as coastline paths, environmental education infrastructure and nature interpretation facilities.

Moreover, to combat the effects of climate change, in

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5 Article 132(2) of the Spanish Constitution establishes that “publicly owned property includes such property as the law may determine and, at all events, the seafront, the beaches, territorial waters and the natural resources of the economic zone and the continental shelf.”
particular the rising sea level and increased erosion, a plan is in place to set in motion Strategies for Coastline Protection (Estrategias para la Protección de la Costa), with the objective of adapting the Spanish coastline to the impacts of climate change on the basis of an exhaustive diagnosis that identifies the measures to be adopted in the most vulnerable areas.

The Strategies for Coastline Protection will first focus on four priority areas: Maresme, southern Castellón province, the Valencia “oval”, and western Huelva province.


The key objective of the legislation is to achieve or maintain a good environmental status for the marine environment before 2020; to this end, the Marine Strategies have been created as a marine environment planning tool. In Spain, a strategy is being developed for each of the five established marine demarcations: North Atlantic; South Atlantic, Strait of Gibraltar and Alborán; East Coast/Balearics; and Canary islands. The development of each strategy involves a sequence of steps: initial assessment; determination of good environmental status; identification of environmental objectives; development of monitoring programmes; and implementation of packages of measures. The first three phases of the Spanish Marine Strategies have been approved by a decision of the Council of Ministers adopted at its meeting of 2 November 2012.

To coordinate the preparation, application and monitoring of marine environment planning, there has been created the Interdepartmental Committee on Marine Strategies (Royal Decree 715/2012 of 20 April).

The Marine Environment Protection Act also establishes measures specifically designed to
protect marine biodiversity, thus completing the legal framework put in place by the Natural Heritage and Biodiversity Act of 2007 (Ley 42/2007). One of the functions performed by the Ministry of Agriculture, Food and Environment is the creation of the Network of Protected Marine Areas of Spain (Red de Áreas Marinas Protegidas de España, RAMPE), which will be made up of various types of area and statutory classifications.

Another of its roles in relation to the protection of marine spaces consists of expanding and managing the marine Natura 2000 network, including the declaration of marine Special Areas of Conservation (SACs) and the adoption of their respective management plans. Moreover, to rectify the shortfalls detected in a range of habitats and species, consideration is being given to declaring eight new marine areas and enlarging two existing ones within the framework of the LIFE+ INDEMARES project (inventory and designation of the Natura 2000 network in marine areas of Spain) for future inclusion in the network.

The Ministry of Agriculture, Food and Environment has for more than twenty years undertaken the development of Marine Reserves of Fishery-Related Importance (Reservas Marinas de Interés Pesquero, RMIP). Initially created in support of small-scale fishing communities, these reserves have demonstrated their effectiveness for the maintenance of healthy and sustainable small-scale fisheries and also for the conservation of marine biodiversity in high-value landscapes.

It was the small-scale fishing communities themselves that promoted the creation of these statutory institutions under the Maritime Fisheries Act of 2001 (Ley 3/2001). Healthy environments serve as the stage for diverse and sustainable socioeconomic activities; the protection of small-scale fishing communities necessarily entails the protection of marine habitats, so enabling the fishing guilds, even in the twenty-first century, to maintain profitable fishing activities within the constraints of self-control and responsible fishing practices.

RMIPs offer a wide variety of opportunities. In addition to the benefits referred to above, RMIPs constitute
privileged areas for marine research, as regards both mandatory monitoring of the effectiveness of each reserve and third-party studies that in turn provide scientific insight on the habitats and communities within the reserve.

RMIPs may be included in the Network of Protected Marine Areas of Spain (RAMPE), which will thus become a veritable network of protected marine areas having high environmental value.

Through the State Secretariat for the Environment, the Ministry of Agriculture, Food and Environment is also in charge of preparing and updating the Spanish Inventory of Marine Habitats and Species (IEHEM), an essential instrument to assess the state of conservation of marine heritage and acquire new knowledge. In this field, a National Reference Master List has been developed of the types of marine habitats to serve as a reference for all public authorities and parties concerned.

In relation to the protection of marine species included in the Spanish Catalogue of Endangered Species, the Ministry is conducting an analytical review of all the available scientific data for the purpose of drawing up the mandatory conservation and recovery plans. In addition, the Ministry is in charge of granting administrative authorizations for the management of marine species included on the List of Specially Protected Wild Species within the purview of the Central Government.

Protection of the coastline

The Ministry of Agriculture, Food and Environment carries out tasks relating to the protection of the coastline against accidental marine pollution, in particular, by means of the National Marine Pollution Emergency Response System, recently adopted under Royal Decree 1695/2012 of 21 December, and by means of the future National Plan for Seashore Protection, which is scheduled for completion in 2013.

This plan will supplement the regional plans put in place by the Autonomous Communities in order to ensure coordinated action against coastline pollution whenever a pollution incident is supra-regional or supra-national, or in cases of special need where there is an imminent danger of irreparable harm.

To achieve effective conservation of the marine environment, international cooperation is indispensable. Spain is accordingly a signatory of the following international agreements: Barcelona Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean; OSPAR Convention for the Protection of the Marine Environment of the Northeast Atlantic; International Convention on Oil Pollution Preparedness, Response and Cooperation (OPRC Convention), and its Hazardous and Noxious Substances Protocol (HNS Protocol); the London Convention and its Protocol on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter; the ACCOBAMS Agreement on the Conservation of Cetaceans in
the Black Sea, Mediterranean Sea and Contiguous Atlantic Area; and the ACAP Agreement on the Conservation of Albatrosses and Petrels. Experts employed by the Ministry of Agriculture, Food and Environment are actively involved in the operation of these agreements.

**BIODIVERSITY CONSERVATION: ENDANGERED SPECIES**

Spain is one of the European countries having the widest diversity of plant and wildlife, thanks to its special features of relief, area and geographical location. It is estimated that, on the Spanish landmass alone, there are close to 91,000 species, including 8,000 plant species – so embracing over 80% of all species existing in the European Union, and 59% of all species existing on the European continent. 1,500 of those 8,000 plant species are endemic, i.e., found only in Spain. The 50,000 to 60,000 wildlife species existing in Spain encompass over 50% of all species present in Europe.

Royal Decree 139/2011 of 4 February for the implementation of the List of Specially Protected Wild Species and of the Spanish Catalogue of Endangered Species encompasses the following taxa:

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<tr>
<th>List of Specially Protected Wild Species</th>
<th>Spanish Catalogue of Endangered Species</th>
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<td><strong>FLORA</strong></td>
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<td><strong>TOTAL</strong></td>
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<td><strong>120</strong></td>
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Source: Ministry of Agriculture, Food and Environment.
Chapter XIII
CULTURE

Panoramic view of the new National Museum of Underwater Archaeology (ARQUA).


2013
The Spanish Constitution of 1978 gives the public authorities the power to promote and monitor access to culture. In this area, the Public Administrations work to make sure that all citizens can access culture and knowledge. They build museums, foster exhibitions of very diverse subjects, create institutions that maintain the historical heritage, establish centres for creating different disciplines, and develop instruments to foster the most contemporary cultural, film and art industries.

As guarantors of the constitutional rights, the public authorities currently focus on designing a reform process that sustains the cultural projects. To do this, they must think about the management models and about citizens’ needs with the aim of fostering changes that provide a more useful culture for everybody, which can generate resources and make itself available to the civil society.

In short, the aim is to generate the appropriate legal and social conditions to foster participation by the social players in the cultural institutions. Citizens, companies and civil society organisations and associations must form part of the cultural institutions and provide their knowledge and resources to optimising the initiatives.

In the current economic situation, culture is one of the most prepared disciplines to face changing situations since it manages assets such as knowledge and experimentation directly and always operates under conditions of uncertainty. By providing strength to the institutions and rationalising their management...
models, they can deal, in the current context, with any future opportunities.

Spanish society has proven its dynamism and potential in many fields, and culture is one of them. Spain is at the core of the relations between Latin America and Europe and the centre of expansion of one of the world’s most spoken languages and, therefore, it is destined to lead the culture and knowledge in Spanish.

**BOOKS, LIBRARIES AND ARCHIVES**

**BOOKS IN SPANISH**

Each book is a sum of contributions that can satisfy human beings’ indelible needs, i.e. learning.

To meet this demand, Spain has an outstanding list of published authors whose works are distributed through 33,000 outlets. In this network, there are 464,981 books in print and every year this number increases as a result of the addition of more than 83,000 books¹, which, with an average of 3,441 copies per book, produces 285.5 million copies per year (782,000 per day). This production and distribution network turns over 482.44 million euros outside Spain and more than 2.772 billion euros in Spain. The books published in Spain are mainly in Spanish (83.2%), as well as the other co-official languages (the largest production being in Catalan). Book publishing has a high geographical concentration since the regions of Madrid and Catalonia account for 63.4% of production in Spain.

**LIBRARIES**

There has been an unprecedented development of libraries, i.e. the nerve centre for accessing culture, information and knowledge, in recent decades (1978-2010, data from the National Statistical Institute). The number of libraries in this period multiplied 2.2-fold to 6,608 although, if we consider the service points or premises that depend on them, the figure increases to 8,963, i.e. 8.5% more than in 2008, when the previous survey was conducted by the National Statistical Institute. The buildings have been renovated and expanded, the information supply has increased 6.4 times to 246.20 million books and other documents, and the number of library employees has risen from 6,278 to 25,551.

This increase in supply and infrastructure has been reflected in library usage figures. According to the available surveys, only 7.5% of the population visited a

¹ Data from the report "Comercio Interior del Libro en España 2011" (The Domestic Book Trade in Spain in 2011) drafted by the Spanish Federation of Publishers Guilds (FGEE), in collaboration with the Spanish Ministry of Education, Culture and Sport.
library at the end of the 1970s, while this increased to 39.2% by 2010. This means that two out of five people are library users. The number of visits declared in 2010 reached 255.98 million, with an increase of 5.7% over the previous statistic (2008). Therefore, each person visited a library an average of 4.7 times in 2010. The number of library members grew by 11.5% with respect to 2008, to 18.07 million (14.37 million adults and 3.70 million children). Lending also increased by nearly 11-fold to 82.15 million documents in 2010 (10.3% more than in 2008). In 2010, an average of 1.6 documents were lent per person.

Libraries have incorporated IT to improve their processes and be used as an information source and tool. At present, 70% have automated their catalogues and nearly 88.8% of them can be checked over the Internet (93.8% in the case of public libraries). In 2010, 94.9% had computers for their internal management and 78.6% for public use. In total, the libraries had 79,534 computers. Most of them provide free Internet access, enabling many surfers to use libraries as a network access point.

The library renovation also included extending cooperation. Previously the libraries worked practically isolated from one another, but now nearly all of them form part of a network or cooperative system. Cooperation systems and bodies have been developed to join the public, university, school and specialist libraries as well as the national and regional libraries so that information can be exchanged, common projects can be fostered and, in short, they can advance together, always in favour of improving the service provided to citizens. This area has been fostered by the approval of the Reading, Books and Libraries Act 2007 (Ley 10/2007), the regulation for the Spanish Library System and the creation of the Library Cooperation Board, as the body that channels the cooperation between the Administrations and the sector’s professionals.
In this permanent process to modernise and improve library infrastructures, in 2012 the State’s Public Library Network added two new ones in the cities of Badajoz and Burgos. In 2013, the aim is to continue working with the investments currently being executed, which will enable the cities of Ceuta, Girona and Segovia to inaugurate their respective state libraries in 2013 and 2014.

National Library of Spain

The National Library of Spain (BNE), which celebrated its 300th anniversary in 2012, continues to be immersed in a systematic digitisation project of its most iconic titles. The documents feed the Hispanic Digital Library, which is accessible through the BNE’s website.

With a digitisation pace of 30,000 pages per day, a total of 25,000,000 pages of all types of material (printed matter, engravings, manuscripts, maps and sound recordings) are expected to be digitised by the end of 2013, which will be at the disposal of researchers and users completely free of charge.

A special mention must be made to two interactive books developed by multidisciplinary teams within the framework of this ambitious project sponsored by Telefónica: Don Quixote and the Madrid Codices I and II by Leonardo da Vinci, as well as the digitisation of the manuscript of The Aleph by Jorge Luis Borges, expected for 2013.

The contents of the Hispanic Digital Library form part of international projects such as the World Digital Library, the European Library and the Digital Library of Ibero-American Heritage.

In this area, the BNE will start managing from 2013 the capture, storage, organisation and dissemination

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2 See link at the end of the chapter.
3 Both books are available on the National Library of Spain’s website. See link at the end of the chapter.
of electronic publications and websites, as regulated in the Legal Deposit Act 2011 (Ley 23/2011), which establishes for the first time the obligation to deposit this type of material.

Regarding the cultural dissemination of the BNE’s bibliographical heritage, in 2013 the best engravings from the German genius Dürer will be shown at the BNE in a retrospective exhibition that has not been seen since 1933, carried out in collaboration with Caja Canarias.

In September 2013, the best and most artistic Japanese calligraphy is expected to be shown within the framework of the Year of Japan in Spain and the Year of Spain in Japan, 2013 and 2014, as agreed by the government representatives of both countries.

A retrospective of the avant-garde painter and
librarian Esteban Lisa and an exhibition of the best Spanish collection of Mudejar bookbinding custodied by the library complete the exhibitions at the BNE in the 2013 cultural year.

All of these will be shown in their corresponding catalogues and in the BNE’s website.

ARCHIVES

The state archives are also in a clear modernisation process, where the key factor is the digitisation of the documents so that they can be made available to any citizens through the website. The document digitisation projects (archives and books) of the Ministry of Education, Culture and Sport will improve access to and maintain the list of titles, in coordination with other institutions, by participating in final international projects such as APEnet, APEx (projects related to the Archives Portal Europe) and Europeana (the European aggregator of digital content and digital library with free access).

The national landmark project in digitising documents, PARES (Archives Portal Spain), has 5,720,523 descriptive entries on line and 30,646,327 images of documents: in 2011, a total of 923,814 different users viewed them, checking approximately 24.5 million pages; these figures show the importance of this platform.

Likewise, a new management tool created around PARES was implemented, providing a more efficient and effective control of document movements in the state archives and registering them, whether they are checked in the reference rooms, lent internally for restoration, reproduction or description, or temporarily removed from the archive. The new module will also have the possibility of having a single researcher file, shared by all the state archives, so that users and researchers can see on the website what they have checked by any means and the requests for document reproductions. Its implementation scheduled for 2013 will also help to develop two other new tools: the statistical and control modules for the documents in the state archives, which will provide an automated management of their main processes. As well as the IT development and the implementation of these new modules in 2013, the current system is also expected to be improved, with the addition of new functions such as the control of authorities and access points, which will substantially enhance PARES’ current features and include a multilingual solution so that documents can be searched for in the co-official languages of Spain and in English.

Royal Decree 1708/2011 was enacted in 2012, which establishes the Spanish Archive System and regulates the Archive System of the Central Government and its public bodies and their access regime. Its approval, which met the demands from various areas, was aimed at filling the existing regulatory gap and renewing the sector’s state regulations which dated back to 1901.

The new rule created the Archive Cooperation Board, operated by the Secretary of State for Culture of the
Ministry of Education, Culture and Sport, a voluntary meeting and collaboration forum between the various Administrations with jurisdiction in archives and essential instruments of the Spanish Archive System. It also configured the Archive System for the Central Government and its public bodies in order to establish a common regulation for a modern, well-organised and efficient management based on the public service concept. To do this, the Archive Commission of the Central Government was created as the inter-ministerial body operated by the Ministry of the Presidency, focusing on the electronic documents generated within the Administration. The Royal Decree also created the Historical Archive of the Nobility, with headquarters in Toledo, which includes the former National Historical Archive Nobility Section, which was eliminated.

One of the main dissemination activities of the documentary heritage was making the Portal of the Bicentenary of the Ibero-American Independences available on the Internet. To commemorate the 200th anniversary of the start of the independence processes in Latin America and demonstrate a shared history, the Ministry of Education, Culture and Sport, through the Archive Document Information Centre (CIDA), has created a microsite with the descriptions and images of the documents contained in the PARES, in the Census-Guide on Archives in Spain and Latin America and in the Source Guides for the History of America (HAME). New documents belonging to the national archives of Latin America are expected to be included in the project as well as a number of teaching resources, aimed especially at schoolchildren, which will help to increase the portal’s dissemination and make it more attractive.

The Ibero-American Migratory Movements Portal has also been of great importance since it has become a reference for research on this matter. The national archives of Spain, Mexico, Dominican Republic and Argentina currently participate in this project, and those of Cuba, Brazil and Portugal are expected to include their information soon.

As a result of the investment in infrastructure, existing buildings have been refurbished and new ones have been created, so that culture and the state archives can be accessible to all the citizens. Main projects from last year were the advances made in the construction work of the Kingdom of Majorca Archive and the Historical Memory Documentary Centre in Salamanca, which is scheduled to be completed in 2013.

Within the Archive Renovation Plan of the Ministry of Education, Culture and Sport, the new headquarters of the Provincial Historical Archive in Guadalajara, which is state owned and whose management was transferred to the Castile-La Mancha regional government, was completely fitted out. With a modern architecture, the facilities have satisfactory conditions and technological resources, both for preserving the documents and for the cultural dissemination of its collection.
FILMS AND PERFORMING ARTS

FILMS

Spanish films have specific profiles that currently give them their own personality. There is a growing and bold diversification of genres, the films and directors are increasingly becoming more well-known at an international level, and some sectors are having an enormous boost, such as animation, which enjoys a well-earned reputation outside Spain, and horror films, which have carved out an important niche around the world. This means that there is a large variety of films where the genres, styles and trends have diversified and intertwine.

The Spanish film industry, the third-largest in Europe in terms of the production volume in recent years, behind France and Germany, and with a market share in Spain of 15.68% in 2011, has recovered from the weak box office results in 2010, thus confirming that it can maintain acceptable audience figures year after year, despite temporary declines. Additionally, international box office sales amounted to 175 million euros in 2011, beating the 95 million euros obtained in Spain, Spanish directors such as Pedro Almodóvar, Alejandro Amenábar, Carlos Saura, Alex de la Iglesia and Juan Antonio Bayona, have attained international prestige and actors and actresses such as Javier Bardem, Antonio Banderas, Penélope Cruz, Carmen Maura and Victoria Abril, among others, have become famous worldwide.

4 Source: Institute of Cinematography and Audiovisual Arts (ICAA).
5 Source: Institute of Cinematography and Audiovisual Arts (ICAA).
The Cinematography Protection Fund, which had grown progressively in the last few years, has experienced adjustments in 2012 and 2013 due to the current budget situation, although sufficient amount has been safeguarded to meet the commitments arranged with the film industry. To carry out a critical reflection of the film funding model in Spain and thus guarantee its necessary sustainability, a commission was created to study the new model, whose different work groups are examining this with the aim of obtaining a more transparent system that is sustainable in time and objectives in order to allow the development of a solid film industry.

One of the main pending challenges is to give the final push to international sales of Spanish films, increasing exports and co-productions with third countries. In addition to this, it is necessary to include Spanish films in foreign cultural actions in an effective way and boost their role as a fundamental vehicle for promoting Spain as a brand (Marca España), all of this in a coordinated action between all the bodies and players that promote Spanish culture abroad.

Regarding investments, it is worth mentioning the completion of the Spanish Film Library’s Conservation and Restoration Centre in Pozuelo de Alarcón (Madrid), which is currently being fitted out and will soon be fully operational in order to become the reference in this area.

**THEATRE**

The enormous development of public theatres has generated shows that define us in Europe. This was not unconnected to the revival in the 1980s of two large classical Spanish playwrights from the 20th century, Ramón del Valle-Inclán and Federico García Lorca, whose plays are now ranked where they should be.

Another major revival was the one of the classical plays from the Spanish Golden Age. In this sense, two factors in those years put the classics back in place among Spain’s cultural heritage: the *Almagro Classical Theatre Festival* and the Spanish *National Classical Theatre Company*.

In this area, Spain has renewed itself and become a multifaceted and diverse country. The Spanish Network of Theatres, Auditoriums, Circuits and Festivals owned by the state in the various regions now has more than 140 members, which represent exhibition spaces throughout the country. In recent years, we have witnessed the proliferation of dramatic expressions that have defined the use of the several official languages in Spain. This has been bolstered by the growing presence of new playwrights that has fostered both the use of these languages on stage and their increasing international presence. As a result of this, as well as the boost made by many private initiatives, every year there are several hundreds of new theatre projects and the Spanish playwrights are increasingly being represented abroad.
The shows have been made possible thanks to the work performed by the regional networks and state circuits such as the Alternative Theatre Network, which stage the most innovative creations of the Spanish scene. Likewise, the audience has responded well to the new vitality of the theatre: there are around 15 million theatregoers every year, and revenues have increased by 75% in just ten years.

Finally, we must not forget the work carried out by the creative centres, i.e. the theatre’s research, development and innovation area, such as the Alhóndiga in Bilbao, the Caldera in Barcelona and the Matadero in Madrid.

DANCE

In the last thirty years, a new group of choreographers has emerged who have brought the contemporary dance created in Spain to levels that have never been attained before. At the same time, Spanish
classical dancers have shown their talent and quality throughout the world’s theatres. Spanish dance, a legacy of flamenco dancing, has been the root for the emergence of a powerful generation of artists whose shows receive worldwide acclamation.

Thanks to the public and private initiative, the development of dance in Spain has reached all genres and regions, with initiatives such as the 2010-2014 General Dance Plan and the state circuit Staging Dance (Danza a Escena), which held its third edition in 2012. They are promoted through websites such as Danza.es, the dance portal in Spain.

The choreography centres also contribute to disseminating dance, with international platforms such as the Mercat de les Flors in Barcelona and the Madrid en Danza festival.

CIRCUS

The circus, whose roots lie in antiquity and which forms the foundations for all the other performing arts, from which it also feeds, reached its splendour in Spain in the 19th century and most of the 20th century in iconic stages such as the Olympia in Barcelona, the Price in Madrid and the circus theatres in various cities around the country.

There was a strong revival of the circus at the end of the 20th century, with shows that offered an enormous artistic quality and aesthetic innovation thanks to the sector’s vitality and the institutional boost. In addition to the reopening of the Price and other circus theatres, as well as the resolution in 2005 of the European Parliament that urged the European Commission and the member states to consider the circus as cultural heritage, numerous professionals who worked in many circus companies and creation centres joined forces, and the audience welcomed these initiatives, with nearly four million spectators per year in Spain.

The main festivals in Spain such as the Albacete Festival and the Fira de Circ Trapezi in Reus (National Circus Award in 2012) build bridges between the artists and the spectators by supporting the new creations and showing the most innovative international performances in Spain.

MUSIC

In recent decades, Spain has lived a musical revolution that has placed us among the excellent level of other European countries with greater tradition and development. The first major step was the construction, as part of the National Auditorium Plan of 1983, of a large number of auditoriums and public theatres throughout Spain, which ran in parallel to the creation of a solid symphonic infrastructure, which has now been consolidated with nearly 30 stable orchestras in the country. As a result of this modernisation, large music festivals and seasons
have been created, thus forming several generations of highly intellectual composers and performers who have seen how music, in its various manifestations, has become part of citizens’ daily life.

Contemporary music such as pop, rock, hip hop, flamenco and other popular and deeply-rooted genres, is also full of vitality, especially among young people. In recent years, there have been major contemporary music festivals such as the Sónar, the Primavera Sound and the Benicassim Festival, as well as the Girando por Salas circuit, a nationwide live music performance fostered by the National Institute of Performing Arts and Music (INAEM).

PLASTIC ARTS

The strong boom in spaces for contemporary art created by the Public Administrations, a characteristic of the last few decades, has led to a period of greater maturity where the permanent collections, the temporary exhibitions and the activities aimed at different audiences form part of a continuous project and a coherent programme with a high level of quality.

Spain currently has over 200 spaces or fittings for contemporary art throughout all the regions. The State Secretariat for Culture, of the Ministry of Education, Culture and Sport, through the Reina Sofía National Art Museum, also supports contemporary art by acquiring works at the International Contemporary Art Fair (ARCO) that is held annually in Madrid.

To foster and promote Spanish creators at a national and international level, the State Secretariat for Culture also awards various prizes. The main ones...
are the Velázquez Prize, which is given to a creator for their entire body of work, in recognition of their contribution to the Spanish-American culture in the field of plastic arts, and the National Awards for Plastic Arts and Photography.

Creators are also promoted through temporary exhibitions and through subsidies for promoting Spanish contemporary art. The temporary exhibitions focus on reviewing the artistic development of established Spanish creators and promoting up-and-coming ones. At present, new action guidelines are being developed in order to introduce contemporary creativity in the reinterpretation of the spaces and collections of the state museums. On the other hand, the subsidies for promoting Spanish contemporary art are aimed at fostering the creation, dissemination and research of contemporary art in order to help develop a more dynamic and innovative context.

The Ministry of Education, Culture and Sport has implemented several projects to put new energy into the sector: Fotoguía (Photoguide), a guide on the artistic photography resources in Spain; a State Register of Modern and Contemporary Art Galleries; DFoto (DPhoto), a directory for photograph collections; Guía de Recursos para la Promoción de las Artes Visuales (Guide on Resources for Fostering Visual Arts), a guide with information about subsidies for projects, scholarships and internships for artists, cultural managers, creation centres, etc. carried out in the plastic and visual arts fields; Jugada a tres bandas (A three-way game), an initiative in which the galleries become exhibition spaces in collaboration with up-and-coming artists and curators; and Miradas privadas al arte contemporáneo. Conocer y visitar colecciones particulares (A private look at contemporary art. Knowing and visiting individual collections), a project aimed at providing information about the important work carried out by Spanish collectors to foster, enrich and promote contemporary art.

The priority objectives are the social accessibility to the artistic content and education in artistic sensitivity. That is why the State Secretariat for Culture has created Promovídeo (Video promo), where users can find all the audiovisuals generated by this exhibition policy, and has produced specific content such as Voz de la imagen⁶ (Voice of the image), interviews with Spanish photographers; “Oral memories”, a portal with audiovisual interviews with emerging creators; and plans to carry out travelling workshops on visual literacy for children and specific initiatives aimed at young people in order to foster the social consideration and understanding of contemporary art among youngsters and children and promote the drafting of excellence models in education with the aim of generating new audiences.

⁶ Under development at the publication date. There will be a direct link from the website of the Ministry of Education, Culture and Sport, which is available at the end of this chapter.

⁷ Under development at the publication date. There will be a direct link from the website of the Ministry of Education, Culture and Sport, which is available at the end of this chapter.
STATE MUSEUMS

The state museums are currently being modernised and adapted to the new social demands. In this sense, the museums are working in several areas: their conceptual renovation as 21st century institutions where new master plans are an essential work instrument; the modernisation of their infrastructure that will enable them to assume the new services to which they are committed; and a reinforcement of their link to society through a growing offer of activities and by seeking new communication channels with their increasingly diverse audiences.

Proof of this are the museums that were recently renovated such as ARQUA in Cartagena, the National Sculpture Museum (the former Colegio de San Gregorio) in Valladolid, the National Romanticism Museum in Madrid and the Greco Museum in Toledo, as well as those currently undergoing major refurbishment, such as the National Archaeological Museum. The installations of the museums owned by the state and managed by the regional governments have also been set up in Puig des Molins (Ibiza, inaugurated in December de 2012), Logroño and Malaga.

As a result of this modernisation process and to meet the social demands, a new building linked to the National Sculpture Museum in Valladolid called “Casa del Sol” was opened in February 2012. This action restored the San Benito el Viejo church for cultural use, enabling it to exhibit a selection of valuable artistic reproduction collections from another national museum which had been closed to the public since 2002.

The museums also carry out other projects aimed at bringing museums and their collections closer to the
public, such as Cer.es, a digital network that provides access to the content of the Spanish museums with different owners, subjects and geographical areas, and Laboratorio Permanente de Público de Museos (Permanent Museum Visitor Laboratory), which focuses on finding out about the public’s needs to improve museum management and meet the new social demands.

THE PRADO NATIONAL MUSEUM

Since its creation in 1819 as the Royal Museum of Paintings and Sculptures from the Royal Collection, the Prado has included in its collections the works from the extinct Trinidad and Modern Art museums, as well as more than 2,300 paintings and an enormous amount of sculptures, prints, drawings and pieces of decorative arts from major legacies, donations and purchases, and it now has a collection of nearly 27,000 works of art.

The Prado currently exhibits over 1,500 works of art in the building itself, and around 3,100 works have been temporarily lent to other museums and public institutions, i.e. the “scattered Prado”. The other part of the collections, deposited in store rooms, is shown in temporary exhibitions, fostered by the Prado itself or by other museums, and also undergoes research by its conservation area.

Both the Prado’s collections as well as the number of visitors have considerably grown since its creation, especially in the last few decades: in 2011, a total of 2,911,767 people visited it. That is why it had to carry out successive expansions of the Villanueva building, which culminated with the ambitious expansion project from Rafael Moneo (2001-2007) and whose external symbol is the Jerónimos building, which is linked to the historical Villanueva one by a wedge. This action, together with the recent renovation and refitting of the “Casón del Buen Retiro”, has increased the museum’s area to 41,995 square metres, thus forming a “museum campus”.

This last expansion enabled the Prado to have new spaces of great importance for a correct functioning, especially the workshops and laboratories in which to carry out the conservation and restoration tasks of its collections and the temporary exhibition rooms. Together with other public spaces, they have given it a large capacity for organising temporary exhibitions without affecting the presentation of its permanent collection and for promoting informative and educational activities.

Since the inauguration of the Jerónimos building, its four new temporary exhibition rooms, laid out around the former cloister of the same name, have shown over twenty temporary exhibitions, including Joaquín Sorolla and The Hermitage at the Prado, which had record visitors with 459,267 and 583,206, respectively.

As a result of this expansion, one-quarter of the Villanueva building was recovered since numerous
services were transferred to the new spaces, making it possible to carry out a major reorganisation and expansion of its collection. This expansion began in 2009 within the framework of the project “The Collection, the other Prado expansion” and ended in June 2011, when the collection was organised in the Museum’s main gallery, which exhibits the works from master 16th century Italian and 17th century Flemish painters. This project has increased the number of permanent works shown to the public.

This growth was accompanied by a modernisation of its legal administrative regime, which was finally boosted in 2004 with the approval of Royal Decree 433/2004, which enacted the Prado Museum’s Statutes, in which it ceased to be an independent administrative body and became a public body whose regime is determined by the need to make its management flexible, speed up its operations and increase its self-funding capacity.

Implementing a plan as the work method, which has enabled the Museum to meet the objectives set out in its 2005-2008 and 2009-2012 Action Plans, have also been an important tool for its modernisation process. These plans have governed its activity in this period, establishing modernisation, physical expansion and public service vocation as its cornerstones, where the main objective is to reach a level of excellence.

As a result of all of this, in the last few years the Prado Museum have had unprecedented growth in its operational capacity and activity programmes, thus benefiting 14 million visitors since the expansion was opened. In that time, it increased the number of visitors from 2.1 million in 2006 to 2.9 million five years later, i.e. 38% more.
In parallel to this rise in visitor numbers and in relation to the improvement and expansion of its services and activities, the Prado has considerably developed its self-funding capacity. The revenues obtained by the Museum itself in this period have grown every year, with a contribution of 34.7% in 2007 to 59.5% in 2012. Therefore, it has appropriately dealt with the gradual decline in public subsidies to its budget since 2010 due to the current economic situation.

The increase and maintenance of its corporate and institutional benefactors, the significant growth in the number of members of the Friends of the Prado Museum Foundation from 9,000 to over 24,000 in just two years, the promotion of various initiatives to improve the public service that it provides, and the opening of its collections and exhibitions every day of the week have increased and strengthened its financial independence in a decisive way.

THE REINA SOFÍA NATIONAL ART MUSEUM

The opening of the Reina Sofía National Art Museum in 1990 put modern and contemporary art in Spain on the international map. It is housed in an 18th century building designed by Francesco Sabatini that was formerly used as a hospital. As a result of the constant growth of the Museum’s collection and exhibition projects, the expansion was necessary. The project that gave rise to the new buildings designed by Jean Nouvel began in 2001 and they were inaugurated in 2005.

Its double function as a museum and art centre enables the Reina Sofía to be an area for research, experimentation, reflection and critical thinking and a place that builds and consolidates based on circulation and dissemination as well as on the voice from diverse fields and contexts. Its challenge is to continue advancing so that it can become a benchmark museum in the 21st century, just like the MoMA in New York and the Pompidou Centre in Paris were in the 20th century. This is carried out by exhibiting collections that give a voice to the people...
who have never had one until now, especially from the Latin American and Mediterranean countries. Since 2009, the collection is undergoing a major reorganisation, in line with the historical discourse and the decentralising, multifaceted and critical approach to the hegemonic positions of 20th century art.

Its collection is based on three areas in accordance with key moments in the history of art in the 20th and 21st centuries, both in Spain and abroad:

- **Collection 1**, “The irruption of the 20th century: utopias and conflicts (1900-1945)”, which takes place in the 1920s and 1930s, when the avant-garde go towards positions of greater commitment and antagonism.
- **Collection 2**, “Is the war over? Art in a divided world (1945-1968)”, which includes works from the 1940s, 1950s and 1960s.
- **Collection 3**, “From revolt to postmodernity (1962-1982)”, which includes around 300 works, among paintings, drawings, sculptures, installations, videos, photographs and documentary material, and covers a period of political, social, cultural and technological changes that have led to the contemporary global scenario.

The three collections include new acquisitions, whose main lines correspond to the efforts devoted to representing Spanish art in all its complexity without forgetting international art, of which there is a significant shortage in our collections, and thus create a fundamental Latin American art line that defines the Reina Sofia project and differentiates it from the rest. The new artistic trends are also clearly a priority for creating a museum and collection in keeping with the times. Its efforts in the last few years have been...
considerable and has had the support and enthusiasm of all the art sector both in Spain and abroad. The Reina Sofía Museum also has a programme for temporary exhibitions, which are grouped into different areas:

- Historical, thematic and thesis exhibitions, as a result of the reflection about the Museum’s own objectives, its research and the way in which it writes history.
- Monographic exhibitions, both retrospectives and about specific aspects, of artists who have a special significance in its collections or in the story that is going to be told.
- Prospective exhibitions, which sound out what is happening, bring different artists face to face, and feed the critical and reflection processes. In some cases, new works are also included.
- Newly-created projects. Developed within the framework of the Fisuras Programme and the specific installations for the Palacio de Cristal, these exhibitions explore the Museum’s cracks in connection with the fissures provided by reality. The works created by it then form part of the collection.

The Museum also carries out a broad activity programme for the public whose main objective is to develop research projects and carry out analyses and debates that give an additional dimension to the collection’s discursive lines and the exhibition programming. It also focuses on setting up discussion forums on key issues in the contemporary debate and on activating mediation methods between the citizens and the Museum’s proposals, using the artists’ experiences as the starting point. Through the programme to produce the works from up-and-coming creators and those devoted to avant-garde Spanish and international video and film production, the Reina Sofía Museum has become a platform for experimentation and innovation and provides a broad view of the current artistic practices.
HERITAGE PROTECTION

Spain has an exceptional and varied cultural heritage, which is the key for shaping identities and creating wealth. Aware of this and with the aim of preserving and enriching this, the Spanish Government, in collaboration with the regional governments and other public and private entities, has carried out a broad and systematic research, conservation and restoration policy in the last few decades, agreed with the Historical Heritage Board (a body where the Central Government and the regional governments collaborate). In this area, the National Plans for Cultural Heritage have been conceived as multidisciplinary comprehensive management instruments to foster knowledge about this heritage through research and by programming preventive conservation, restoration and dissemination actions with the aim of protecting the cultural assets and enabling citizens to enjoy them.

The first national plan was for Cathedrals, approved in 1990, followed by those for Industrial Heritage, Defensive Architecture, Monasteries and Convents, and Cultural Landscape. Since 2010, a review process of those plans has been implemented and seven new cross-sectional ones have been drafted to meet the current needs of Spain’s cultural heritage: the National Plans for Heritage Conservation Research, Intangible Heritage, Cultural Heritage Documentation, Preventive Conservation, 20th Century Heritage, Education and Heritage, and Traditional Architecture.
To date, the National Plans for Industrial Heritage, Preventive Conservation, Heritage Conservation Research, Cultural Landscape, Intangible Heritage, Cathedrals, Monasteries and Convents, and Defensive Architecture have been approved. The other plans are being drafted and reviewed and will soon be submitted to the forthcoming meetings of the Historical Heritage Board for approval and implementation so, by 2013, they should all be in operation.

Another National Plan of strategic importance to defend Spain’s heritage is the Protection of the Underwater Archaeological Heritage as well as the document that implements this, the Green Paper on Underwater Heritage, which evidence the permanent and overall commitment of the Spanish Government and the regional governments in this matter which arises from the ratification of the 2001 Convention on the Protection of the Cultural Heritage by the UNESCO (United Nations Educational, Scientific and Cultural Organization) and the inclusion of Spain on the Advisory and Technical Board that coordinates its development and application.

In this regard it shall be highlighted the recovery, following a robust defence of its rights in the US courts, of the cargo pillaged from the frigate “Nuestra Señora de las Mercedes”, which was returned to Spain in February 2012, whose items will belong to the ARQUA Museum in Cartagena (Murcia), a national and international reference centre for protecting underwater heritage.

Another way of enhancing the value of Spain’s heritage is its international promotion through the UNESCO statements which the government fosters on behalf of all the Public Administrations. Spain, with 44 assets, is ranked second on the World Heritage List in terms of the number of assets and actively participates in the Committee in charge of selecting the assets declared as the World’s Intangible Cultural Heritage, a category in which Spain has 12 elements recognised by the UNESCO.
In June 2012, the State Secretariat for Culture of the Ministry of Education, Culture and Sport approved its General Strategic Plan, which identifies the priority goals to be achieved by the Government within four years. These goals, defined in the Plan as general, are as follows:

- Establish a State policy that ensures the right to access culture and provides the backbone for citizens and favours social cohesion.
- Reinforce, with transparency, the communication instruments and cultural cooperation between the Public Administrations and other institutions to foster an efficient and rational use of the cultural resources.
- Foster culture as the essential element to promote Spain on the international scene.
- Encourage the civil society to participate and play a leading role in supporting and fostering culture.
- Facilitate the creation, innovation and production of knowledge and foster culture on the web, safeguarding the intellectual property rights.

To meet these goals, the plan details the strategies to be followed in each area, which requires the approval of the corresponding Annual Operating Plans. The State Secretariat for Culture also has

Finally, as part of the process to implement the Electronic Administration in the administrative procedures managed by the State Secretariat for Culture, an IT tool was developed that enables citizens to process electronic applications for permits to export the Spanish historical heritage, from the application itself to monitoring the file, as well as paying the fee and receiving the permit itself which, once authorised, can be downloaded directly from the website.

THE GENERAL STRATEGIC PLAN OF THE STATE SECRETARIAT FOR CULTURE, 2012-2015

The mining city of Almadén (Ciudad Real) is the latest Spanish site to be included in the World Heritage List as part of the “Heritage of Mercury: Almadén and Idrija (Slovenia), 2012”.

the commitment to annually report to the Spanish Parliament the advances made to comply with the Strategic Plan of the State Secretariat for Culture and the corresponding operating plans, which will help to monitor the general goals and strategies in this area in an appropriate way.
On 1 July 2012, Spain won Euro 2012 in the championships held in Poland and Ukraine.
The Sports Act of 1990 (Ley 10/1990) regulated the legal framework in which the practice of sport in the sphere of the State has to be undertaken in Spain, attributing to the State nationwide and international competition, and to the regional governments and local councils within their territories the organisation of grassroots sport and competitions to foster, promote and encourage sports within their territories.

At the time, sports facilities were not ideal and, although Spain had produced sporadic successes, there was not an even playing field.

In this context, giving Barcelona the chance to organise the 1992 Olympic Games was the indispensable and necessary catalyst for the public authorities and all the society to make the qualitative leap towards thinking that sport could be the ideal scenario for conveying the culture and education of a modern country. The public authorities and civil society worked, in the short term, to achieve the best results for the 1992 Olympics and, in the long term, to lay the foundations for the spread of the practice of sport for minimum sports planning that would combine all the factors in the right direction.

In the first case, the ADO Plan (Olympic Sports Association) was created, in which private sponsors would supplement public funding, thus establishing a yardstick for subsidies and incentives to achieve great results. The private contribution from large companies was successful and, thanks to this, the Spanish Olympic team obtained its best results ever in Barcelona: 22 medals.
Since then, new sponsors have been included in the different Olympic cycles of the ADO Plan, and the National Sports Council (CSD) has created a fund to provide aid to private non-professional sports clubs to compensate their contribution to the top national sides.

The ADO Plan has undergone constant adaptations: the main one was to consider the Olympic training programme as an event of exceptional public interest, which occurred for the first time in 2004, when it was included in the Act of 2004 (Ley 4/2004), which amended the rates and tax benefits for such events.

In the 2008-2012 Olympic cycle, the private institutions that sponsored the ADO signed on 5 March 2009, with an investment of 51.8 million euros. In absolute terms, this amount was 10.5 million euros less than in the Beijing 2008 Olympics. As in the previous cycle, all the sports categories were included in the programme.

On 27 June 2005, the agreement to create and fund the Support Plan for the Paralympic Sports (ADOP) was signed for the first time in history, with an initial budget of 7.3 million euros, which subsequently increased to 17 million euros. The plan's proposal was assumed by the government since it believed that sport is a meeting point open to everybody, without any barriers or exclusions.

The 2009-2012 ADOP had 20 sponsors that contributed 17.03 million euros, plus 17 million euros from the Ministries of Health, Social Services and Equality, and Education, Culture and Sport. This was more than double the 7.3 million euros contributed in the first plan of 2005.

One of the characteristics that considerably reinforces Spain as a brand (Marca España) is its gradual respect and admiration for Paralympic sports. The necessary integration in this field, whose
Supporting Paralympic sports has also been reinforced among companies' corporate social responsibility policies: in 2011 and 2012, numerous agreements were signed between the Paralympic Committee and brand names. To enable the latter to increasingly form part of Paralympic sports, previously these athletes had to have substantial facilities, so that their merits would be recognised in continuous acts fostered by the public administrations.

In accordance with the Sports Act of 1990 (*Ley 10/1990*), high performance sports are considered to be in the State’s interest since they are essential for development because of the stimulus given to grassroots sports based on the technical and scientific requirements for training and because they represent Spain in the official international events and competitions.

The Central Government, in collaboration with the regional governments through pacts and agreements, establishes the necessary resources for the technical training programmes and the scientific and medical support for high performance athletes, as well as their inclusion in the education system and their full social and professional integration.

To do this, it has the following facilities:

Three multidisciplinary High Performance Centres (CAR):

**The high altitude training centre in Sierra Nevada, Granada.**
- The high performance centre in Madrid has the largest number of top-level athletes in Spain. It has 150,000 square metres and is managed by the National Sports Council. Its work focuses mainly on making sure that the Spanish athletes achieve the best sports and academic results as well as optimal socialisation by the end of their scholarships in the CAR centre in Madrid and in the Joaquín Blume residence. The latter is located within the centre’s campus and includes an extension of the Ortega y Gasset school. Its services include accommodation, maintenance, the use of the high-level sports facilities, and medical and academic attention. There are 344 scholarships, among internal and external athletes. Its facilities are used daily by nearly 1,000 sportspeople who train or get together there. In recent years, the centre has dealt with 25 sports categories on a daily basis, including Paralympic athletes. It also attends to other categories on a temporary basis, as well as high-level concentrations and training courses.

- The high altitude training centre in Sierra Nevada (Granada), also owned by the National Sports Council, has top-level international sports facilities and a residence with 86 rooms. It is located 2,320 metres above sea level near Granada. This means that many teams use its facilities for enhancing athletic performance since it is not appropriate to have sportspeople permanently concentrated there throughout the year. Since 2010, it has permanent concentration during the winter months to foster snow sports, which are coordinated by the Sierra Nevada Specialised Winter Sports Centre. It focuses on many sports since more than 20 categories use its facilities during the year.

- The high performance centre in Sant Cugat (Barcelona) is a public company owned by the Catalan government in agreement with the National Sports Council. Founded in 1987, it symbolises the joint work of numerous professionals who strive to achieve excellence, in both sports and personal fulfilment, among the athletes who train there. That is why numerous Spanish federations use this centre as the reference which, together with the one in Madrid, clearly provides major support for high performance sports in the country. The performance of the athletes from the Sant Cugat centre has been average and progressive during the sports seasons. The improvement is especially noticeable in the international competitions.

Six specialised high performance centres (CEAR) for specific categories, with the same characteristics as the aforementioned centres. The main one is the CEAR centre in León, which is owned by the National Sports Council. It was opened in August 2010 and is designed mainly for the athletics category, focusing especially on the throwing disciplines. Nevertheless, it also includes the programmes of various Spanish sports federations.

Thirty-nine sports technification centres (CTD) and specialised sports technification centres (CETD), where the regional governments, in collaboration
with the National Sports Council, the Spanish sports federations and the local councils, try to perfect their most outstanding young athletes in order to train them for the top level, maintaining them as close as possible to their family homes, helping them to develop in the appropriate social and educational environment, giving them specific help for their education and providing the pertinent medical support.

The Programme for Helping High-Level Athletes (PROAD), which began in 2009, was so warmly received that the number of initial scholarships has gradually increased and, within two to three years, all these types of athletes have been included. The PROAD provides a balance between practising high
performance sports and providing education thanks to the work carried out by a qualified group of tutors. After 20 years, the legal bases for professional sports have become obsolete up to the point that it is necessary to enact a professional sports law that conforms to the present time based on political and social agreement. This is one of the major challenges facing the current government in sports issues.

**ACTIONS IN THE SPORTS AREA**

In general, there has been a substantial change in the strategic orientation of the policies on sports infrastructure and equipment. Until now, the projects and the human and financial resources focused nearly all on direct investments and subsidies for sports facilities throughout Spain and on the support, maintenance and improvement of the facilities owned by the National Sports Council. It was merely a quantitative dimension to create a network of facilities that would enable the country to catch up in sports.

In fact, the National Sports Council’s infrastructure policy, imitated by the other public authorities, was usually aimed at building sports installations. However, the current situation is quite different: the number of facilities increased from 25,000 in 1978 to nearly 100,000 at present, so the approach now focuses on modernising and improving their quality and providing support to the business sector behind them.

That is why it is necessary to foster the creation of coordinated policies between all the public administrations and the private sector in order to improve the management, quality and safety of sports facilities and provide support to the businesses behind the installations and equipment. This is carried out by providing the wholehearted support to the research and development of products that improve the sector’s competitiveness, through the Spanish Sports Industry Technology Platform, whose final aim is to boost sports as an economic sector and turn this into jobs and a new revenue source for the Spanish economy.

At state level, sports subsidies are given through the National Sports Council, which directly carries out the Central Government’s actions; the Directorates General for Sports of the regional governments and autonomous cities of Ceuta and Melilla, as well as the provincial, island and local councils, carry them out in their respective territories.

A good reason for sports success is the increase in private contributions to supplement public funding in order to provide financial support and with the future in mind.

In line with the economic adjustments, the sport
budget amounted to 121.4 million euros in 2012, i.e. 43.4 million euros less than in 2011. Nevertheless, the ADO Plan's figures did increase, by 950,000 euros with respect to 2011. On the other hand, the National Sports Council reduced the ordinary subsidies granted to the 59 sports federations by 34.1%: from 73.2 million euros in 2011 to 48.3 million euros in 2012. Nevertheless, within the positive performance of the Spanish sports system, the federations have managed to obtain their own funds in the last few years in order to bolster their respective budgets. It is estimated that the 2013 budget will be 75.1 million euros (38.09% less than in 2012), which does not include the 4.1 million euros budgeted for the Spanish Anti-Doping Agency, which in 2012 did not suffer a decline with respect to 2011, although the 2013 project must be adapted to the special economic circumstances. Also, the aforementioned amount does not include the nearly 84 million euros allocated to distributing the proceeds and prizes of the State's sports bets which, in compliance with the Gaming Regulatory Act of 2011 (Ley 13/2011), is now carried out by the National Sports Council.

In the current context, with successive budget decreases that have resulted in the austerity policy, the Central Government continues to devote considerable efforts to maintaining the current quality levels.

Fostering sports among schoolchildren by the public institutions is achieving the social objectives, year after year, of helping youngsters to acquire healthy physical activity and eating habits. To foster the sports base, the School Facility Construction Plan was designed in order to build thousands of facilities in schools and, more recently, in 2010, the National Sports Council initiated the Comprehensive Physical Activity and Sports Plan (A+D Plan), which includes 100 specific measures. One of the plan's tasks is to enable schools to foster physical activity through sports projects, whose premise is to provide quality to sports education in Spain.

A top-level sports education is the basis for continuing to achieve the current success of the Spanish athletes, which goes hand in hand with the effort to improve the quality of the coaches who train the sportspeople and their teams.

The Sport Act and the Education Act of 2006 (Ley Orgánica 2/2006) were implemented in Royal Decree 1363/2007, of 24 October, by which the general planning of sports education based on a special regime is established. This Act was drafted with a broad consensus between the education and sports bodies of the regional governments, the national sports federations and a large number of sector institutions that were consulted. Its purpose is to train the coaches in line with their professional profile and the functions that they are going to have.

On the other hand, the increase in the amount of sport played and in the demand for the various
categories, whether or not they are competitive, justify the need to regulate the training provided to coaches within an appropriate education framework and the necessary standardisation throughout Spain. In this context, the National Sports Council, by developing different rules and proposing official certificates and degrees for sports coaches, is trying to consolidate training based on quality and certain requirements, that give coaches the necessary qualification and competence and enable them to move to other member states of the European Union and be recognised by them.

Prior to the Effective Equality between Women and Men Act of 2007 (Ley Orgánica 3/2007), the National Sports Council’s Action Plan had already included the purpose of achieving women’s full equality in the sports area. Although women’s participation in large sports events is considerable, more are needed in management positions.

The Ministry of Health, Social Services and Equality and the National Sports Council have doubled their efforts to eliminate the differences in women’s participation in the various sports areas. Over 60% of the federations have specific “women and sport” programmes. The aim is to achieve effective equality in sports and a larger number of women involved in all the aspects of physical activity and sports. The physical activity and sport management policies must ensure full equality for women in terms of access, participation and representation.

To improve the health of the Spanish citizens, the Comprehensive Physical Activity and Sports Plan was implemented and includes measures against a sedentary lifestyle. In this area, there is close collaboration with the various institutions and regional governments that are implementing their own plans within their competence to improve citizens’ health and reduce healthcare costs.

On the other hand, one of the sports indicators of a
country is its involvement in defending its athletes' health. The Health Protection and Anti-Doping Act of 2006 (Ley Orgánica 7/2006) fostered scientific studies and technical support so that athletes with high training levels would have a minimum impact on their health. The National Sports Council’s Sports Medicine Centre carries out the medical and sports monitoring of the top-level Spanish athletes, giving them medical and scientific support throughout the country, through the various centres in the regions, evidencing the excellent level of this specialisation in Spain.

With the approval of the Sports Act of 1990 and the subsequent experience, Spain has become an international benchmark for designing comprehensive security policies for large sporting events. Nevertheless, it was necessary to reinforce the legal coverage for penalties and the actions to defend fair play and against violence, racism, xenophobia and intolerance. As a result of the legislative initiatives adopted in the 2004-2008 legislature, the Act of 2007 against Violence, Racism, Xenophobia and Intolerance in Sport (Ley 19/2007) was implemented through two royal decrees. The first one of 2008 regulated the State Commission against Violence, Racism, Xenophobia and Intolerance in Sport, and the second one of 2010 approved the regulations to prevent such acts in sport. In this area, the reform of the current Criminal Code entered into force on 23 December 2010, which includes sports fraud as a crime; for the first time, penalties are envisaged for such acts.

Doping control in sports is one of the areas in which Spain has been a pioneer. Since 1963, it has been part of the international forums discussing this issue and has actively participated in searching for new formulas aimed at eradicating doping. One of the most prestigious doping control laboratories is located in Madrid, which has been one of the first in Europe to be accredited by the International Olympic Committee. The resolute “zero tolerance”
policy against doping was approved in 2006 with the enactment of the aforementioned Anti-Doping Act, which criminalises such practices among athletes.

Spain now has this Anti-Doping Act and four decrees that implement it, plus the Anti-Doping Agency (AEA) and the Commission on the Control and Monitoring of Health and the Fight against Doping in Sport. The funds available for preventing, controlling and penalising the use of forbidden products have increased. The regional governments are signing agreements with the AEA to make better use of the Administrations’ resources in the fight against doping.

In this area, there have been frequent police operations that have broken up numerous organised doping gangs: in 2010, there were 14 operations with 123 arrests. At the same time, the specialised laboratories in Spain are detecting new substances that are emerging.

In 2012, investments continued in order to protect health as a way of ensuring that, in the future, trust is maintained in the Spanish sports model, which has increasingly been reinforced knowing that those not complying with the rules will end up being caught and, consequently, impunity is less feasible. In this sense, Spanish athletes have been praised in all categories; most of their opponents from other countries frequently state that Spaniards always compete fair and square, know how to accept victories and defeats, and never try to take advantage of internal circumstances within the sport itself.

In 2013, a new act is expected to be approved for protecting athletes’ health and fighting against doping in sports with the aim of setting up a legal framework based on a comprehensive conception of the system, establishing cooperation measures between the Public Administrations and the private players that can become involved as well as positive anti-doping measures.

In the international arena, the Spanish National Sports Council actively participates in the meetings and subsequently in the decision-making and agreements within the European Union, European Council, United Nations, UNESCO and the World Anti-Doping Agency (WADA-AMA). The informative meetings held by the EU sports ministers, as well as the general directors for sports, which take place
every six months, show that the future European policy must consolidate what has already been achieved in the logistics, financial and institutional areas. Spain actively participates in the WADA-AMA’s work: in November 2007, it hosted the World Conference on Doping in Sport.

The National Sports Council is also intensifying the collaboration with the representatives of the WADA-AMA’s Executive Committee so that the policy to fight doping in Spain is in line with the international requirements: an example of this is the new anti-doping act which is expected to conform to the World Anti-Doping Code, which was last updated in 2009.

Sport had a major presence in Spain’s latest EU Presidency in 2010, when the sports ministers agreed to create a European body to mediate between the governments of the EU countries and the sports federations. For the first time, a joint meeting was held between all the organisational levels that form the sport movement and those responsible for sports in the member states. They coincided in the need that the governments and the sport movement as a whole must maintain a structured dialogue in order to apply the Treaty of Lisbon, which takes into account the specific nature of sport. The European Union must take a leading role in sports policy so that sports are seen not only as an economic activity, but whose social and educational functions must be fostered; their presence must also be increased in the anti-doping bodies in order to improve the coordination and involvement of the governments in this area. The European Sports Symposium, which rounded out the sports action in Spain’s 6-month EU presidency, elaborated on the need to correct asymmetries in contemporary sport such as gender, inequality around the world and global governance.

In Spain, sports are now considered to be highly suitable for social and educational cohesion and the country has a great international recognition. The sports system has undergone a U-turn in society so
that sports are now considered to be a fundamental part of it, such as art and culture. Our model is self-sufficient since society increasingly gives more importance to sports. The advances achieved in the first decade of the 21st century are evident: sports have become an international showcase for Spain and a reference for other countries. Spaniards athletes are among the sports elite, with a large media presence in football, basketball, handball, tennis, cycling, motor racing and motorcycling. Public and private investment, infrastructure and equipment, plus the work programmes between the sports federations and the National Sports Council have influenced this performance. This sustained boost has enabled Spain, based on the sports successes at any given time, to be among the leading countries.

ORGANISING SPORTS EVENTS

In recent years, Spain has been widely available to host large sporting events in order to encourage and stimulate citizens to play sports and as a way of fostering sport infrastructure. Since the Barcelona 1992 Olympics, Spain has hosted many international events. The World Swimming Championship was also held in Barcelona in 2003.

As a result of Seville’s Olympic bid for 2008, the city held major events such as the World Championships of Badminton (1998), Athletics (1999), Canoeing and Rowing (2002) and the World Equestrian Games, which were held in Jerez de la Frontera (Cadiz) in the latter year.

Madrid’s Olympic bid for 2012 took over from Seville and organised, within the plan to promote its bid, a number of competitions, including the Athletics IAAF World Cup (2002), the World Karate Championships (2002), the Olympic Sailing Classes (Cádiz in 2003), the final of the Volleyball World League (2003), the World Championships of Cycling, Taekwondo and Archery in 2005, and of Badminton and Women’s Field Hockey in 2006. It also held the European Championships of Taekwondo by Teams (2002), Swimming (2004) and Indoor Athletics (2005).

As a result of the various Olympic bids, there are numerous facilities that provide sound guarantees when hosting any competitions. Spain has excellent sports infrastructures and, by taking advantage of them, Madrid has bid once again for the Olympics in 2020 (Madrid 2020), competing against Istanbul (Turkey) and Tokyo (Japan) since 2011. The number of bids for the 2020 Olympics (six) was the lowest in recent times.
In addition to the sports events held within the framework of the Olympic bids, in recent years Spain has also hosted numerous other events. The 2005 Mediterranean Games held in Almeria were the best in history. The city also hosted the Conference among the Sports Ministers of the countries represented at the Games. Almeria’s sports and general infrastructures were modernised and transformed considerably. In sport terms, the competitions were a success, with Spain winning 152 medals.

Moreover, in 2007 the Track World Cycling Championship was held in Majorca, the America’s Cup in Valencia and the European Basketball Championship in Madrid.

In 2008, the Volvo Ocean Race departed from Alicante; the World Indoor Athletics Championship was held in Valencia, the European Roller Hockey Championship in Oviedo and the European Water Polo Championship in Málaga.

In 2010, Spain organised the European Outdoor Athletics Championship in Barcelona. In that year, the country was designated by the corresponding international bodies as the host for the World Championship of Basketball (2013) and Swimming (2013). Previously it was chosen to host the World Cup Basketball (2014) and Olympic Shooting (2014). Spain was an option for organising the Football World Cup in 2018 but Russia was chosen. In 2010, it was agreed that Spain would organise the Mediterranean Games (2017), which will be held in Tarragona.

In 2011, Spain organised 14 world championships, 23 European championships, 11 events of the world championships and 9 events of the World Cup; the
main ones were the World Championships of Cross Country (Punta Umbría) and Snowboard (La Molina), and the final of the Davis Cup between Spain and Argentina (Seville) and Raceboard Windsurfing (Vandellós); the European Championships of Show Jumping (Madrid), Slalom (La Seo de Urgel), Women’s Rugby (A Coruña) and Triathlon (Pontevedra); the races for the Formula 1 World Championship (Montmeló and Valencia) and the GP Championship (Jerez de la Frontera, Montmeló, Alcañiz and Cheste).

In 2012, Spain organised the World Championships of Junior Athletics (Barcelona), the Sky Games for mountain sports (Ribagorza), Long Distance Triathlon (Vitoria), the 470 Class Sailing (Barcelona), the RS:X Class Sailing (Puerto de Santa María) and Europe Class Sailing (La Escala); the European Championships of Karate (Santa Cruz de Tenerife) and Men’s Rugby Under-18s (Madrid); as well as the World Basque Pelota Cup (Pamplona) and events of the World Slalom Cup (La Seo de Urgell), Triathlon (Madrid and Bañolas) and the 3rd Barcelona World Yacht Race.

The capacity to organise top-level events is increasingly a decisive factor when defining the sports category of a country. The proliferation of large international sports events has highlighted the country’s organisational record in many territories and in numerous sports. Spain can, therefore, be proud of its increasing prestige in organising competitions. This is a valuable incentive for continuing to win far-reaching sports events.

THE RESULTS OF SPANISH SPORT

With respect to the results obtained by its athletes, Spain has become an international reference. Major advances have been made in association sports, including the world cups obtained in basketball, football, handball, futsal and roller hockey, as well as the European cups in football and basketball between 2008 and 2012. It must be highlighted that many of the medals and titles won by the Spaniards are in team sports, whose impact on the medal table is lower but the achievements provide a large qualitative value since, if such triumphs are passed on to other categories, the quantitative value in terms of medals and titles would increase considerably.

In Beijing, Spain was one of the countries with more presence in team sports and, for the first time,
except in 1992, 25 of the 27 Olympic federations were represented. Only the football and baseball teams were missing; however, the former won the European cup and the latter was the second runner-up in the European championships.

In addition to the international individual figures, the Spanish national teams are also among the best in the world, which provides a positive international view of Spain.

The international activity in the years that coincide with the Olympic and Paralympic Games, such as 2012, focus mainly on these events, thus culminating the 4-year period.

In the London 2012 Olympics, Spain won 17 medals (3 gold, 10 silver and 4 bronze), very similar to the previous games in Beijing (18 medals) and Athens (19). It was also a finalist 47 times and was 21st in the world rankings.

The main Spanish athletes in the London Olympics were the sailor Marina Alabau in the RS:X class and the crew of the Elliot class (Tamara Echegoyen, Sofía Toro and Angela Pumariega), as well as the taekwondist Joel González, all of whom won a gold medal. Moreover, the sprint canoer David Cal won silver, thus obtaining his fifth Olympic medal and making him the Spaniard with most Olympic titles. Also, Mireia Belmonte, as well as Andrea Fuentes (double medallist in Beijing) and Ona Carbonell obtained two medals each, in swimming and synchronised swimming, respectively.

On the other hand, the Spanish Paralympic team won 42 medals in London: 8 gold, 18 silver and 16 bronze, thus ranking 17th in the medal table.

Most of the medals were obtained in swimming, where the team won 22 (2 gold, 11 silver and 9 bronze), followed by cycling (2 gold, 2 silver and 3 bronze), athletics (3 gold and 2 silver), judo (1 gold and 2 bronze), Olympic shooting (1 silver) and football 5-a-side (1 bronze).
Teresa Perales was the main star in London. This swimmer from Saragossa won six medals and has become a Spanish sports legend who is still in the sport, since she has personally won a total of 22 Paralympic medals. As a result of this incredible record, she has been granted the Grand Cross of the Royal Order for Sporting Merit. Swimming continued to be the bastion for success. Apart from Perales, the Canary Islander swimmer Michelle Alonso won a gold medal in the 100m breaststroke, and Sebastián “Chano” Rodríguez and Enhamed Enhamed won two silver and one bronze medals, while Richard Oribe and Sarai Gascón obtained one silver and one bronze.

In track cycling, Spain won four medals. Alfonso Cabello won the 1 kilometre trial and the tandem formed by J. Enrique Porto and J. Antonio Villanueva obtained silver in the 1 kilometre race and bronze in speed. In the cycling road race, the tandems also stood out. Christian Venge and David Llauradó won gold in the time trial and Josefa Benítez and Mayalen Noriega won silver in road cycling.

The five athletics medals went to David Casinos (gold in the discus), José Antonio Expósito (gold in the
long jump), Alberto Suárez (gold in the marathon), Elena Congost (silver in the 1,500 metres) and Abderrahman Ait (silver in the marathon).

The Spanish judo team performed well, especially Carmen Herrera, who won her third consecutive Paralympic title, while Mónica Merenciano and Marta Arce both won bronze.

Apart from the impact of the Olympic Games, Spain also stood out in other sports:

Motor racing: Fernando Alonso was the runner-up in the Formula 1 World Championship.

Cycling: Three Spaniards, Contador, Valverde and Joaquín Rodríguez, respectively, were on the podium in the Vuelta a España. The latter was also second in the Giro d’Italia and Valverde was third in the road world championships.

Football: The Spanish national team continued its success in 2012 by winning its second consecutive Euro Cup (the first was in 1964), making it the first side to win three big titles back-to-back (two Euro Cups in 2008 and 2012 and the World Cup in 2010).

Motorcycling: Jorge Lorenzo and Daniel Pedrosa came in first and second in the world’s biggest race, the Moto GP. Marc Márquez and Pol Espargaró had identical results in Moto 2.

Skating: The men’s national roller hockey team won its seventh consecutive European Championship in 2012, making this an unprecedented success.

Futsal: The national futsal team were unable to win their third world title since they lost the final in Thailand to their biggest rival, Brazil. Nevertheless, it did win its sixth European championship (out of eight) in Croatia.

Tennis: Rafael Nadal won his seventh Roland Garros and was the runner-up in the Australian Open. David Ferrer was the first Spaniard to win in the year, beating Jerzy Janowicz in the final of the Paris-Bercy Masters 1000.

In school and university sports, Spain obtained 25 medals (8 gold) in the eleven World University Championships in which it participated in 2012, as well as 6 medals in the EUSA Games held in Córdoba in July 2012. Spain’s participation in four World Schools Championships won 4 medals (1 gold).
Chapter XV
THE MEDIA

A view of TorreEspaña.

Photo: César P. Sendra.

Spain today
2013
AN OVERVIEW OF THE MEDIA IN SPAIN

The media has undergone a radical change in Spain in the last ten years mainly for three reasons.

Firstly, because of the emergence of the Internet and its revolution, in general, which has led to the creation and development of the information and knowledge society.

Secondly, because the economic upheavals, of both the growth and subsequent decline, has boosted or decreased the media audience market in the various formats and enabled different players to enter the advertising arena.

And thirdly, because the media reflect and are a consequence at the same time of the social movements: in the last ten years, Spanish society and its composition and profile have varied so much that even media consumption habits have also changed.
MEDIA PENETRATION IN SPAIN

Spain has consolidated the trend of high television consumption (89.1%), despite the gradual increase in penetration of other media such as the Internet (46.7%). These data are supported by the Sociological Research Centre’s (Centro de Investigaciones Sociológicas, CIS) Barometer for October 2011, which shows that television is still the preferred media among citizens for being informed on a daily basis (68.8%), followed by the press (20.6%) and very far from the Internet, despite its rise (65.7% of those surveyed stated that they never used the Internet to obtain information about politics or society).

THE SOCIOLOGICAL RESEARCH CENTRE’S BAROMETER FOR OCTOBER 2011

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<th>READ THE POLITICS SECTION IN THE NEWSPAPER?</th>
<th>LISTEN TO THE NEWS ON THE RADIO OR WATCH THEM ON TV?</th>
<th>APART FROM THE NEWS, LISTEN TO OTHER PROGRAMMES ABOUT POLITICS ON THE RADIO OR WATCH THEM ON TV?</th>
<th>USE THE INTERNET TO OBTAIN INFORMATION ABOUT POLITICS OR SOCIETY?</th>
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Source: Sociological Research Centre (Centro de Investigaciones Sociológicas, CIS).
THE PRESS

According to the available data from the General Media Study report\(^1\) from February to November 2012 published by the Media Research Association (Asociación para la Investigación de Medios de Comunicación, AIM), the press penetration in Spain is 36.1% (14.2 million daily readers), for the weekly supplements it is 16.2% (6.4 million readers) and for magazines, 45.4% (8.2 million readers based on their publication period). To analyse such data, the fragmentation effect must be considered: the number of weekly supplement titles is low since they are distributed with a much larger number of daily titles; on the other hand, the number of magazines at kiosks is larger than in the aforementioned formats.

The trend in the three types of press in the last few years has been a major decline: since 2008, the penetration of newspapers has decreased by 12.3%, supplements by 18.9% and magazines by 10.9%.

A characteristic of this market is that there has been a greater concentration of the Spanish newspaper industry as the first decade of the 21\(^{st}\) century advanced in such a way that the former independent institutions can be consulted.\(^{1}\)

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\(^{1}\) Both the General Media Study and the data provided by the Audit Bureau of Circulations (Oficina de Justificación de la Distribución, OJD) are published subject to the wish of the certified media. That is why some media disappear in a historical series of data. The data provided herein provide a general view of the Spanish media market but, to obtain a complete picture, the data of the certifying institutions can be consulted.
media from a corporate standpoint became a multi-channel communication group, integrating the written media, television and/or radio, as well as the Internet, into the same editorial line.

The main media groups are as follows:

- **Unidad Editorial**, which publishes the newspapers *Marca*, *El Mundo* and *Expansión*.
- **Prisa**, which publishes the newspapers *El País*, *As* and *Cinco Días*.
- **Vocento**, which publishes the newspapers *ABC*, *El Correo* and others.
- **Zeta**, which publishes the newspapers *El Periódico de Catalunya* and several provincial titles.
- **Grupo Godó**, which publishes the newspapers *La Vanguardia* and *Mundo Deportivo*.
• **Prensa ibérica**, which publishes several provincial titles.

The General Media Study report from February to November 2012 published by the AIMC confirms that the most read publication in Spain is the sports newspaper *Marca*, with 3,011,000 daily readers. *El País* has the second-largest circulation, with 1,929,000 readers, and it is the leader among general information newspapers, followed by *El Mundo*, with 1,181,000 daily readers.

These are followed by: *La Vanguardia*, with 811,000 readers; *ABC*, 648,000; *La Voz de Galicia*, 623,000; *El Periódico*, 613,000; and *El Correo*, with 458,000. In the sports press, *Marca* is the most read, followed by *As*, with 1,480,000; *Sport*, 720,000 and *Mundo Deportivo*, with 711,000.

By subject, Spain consumes more general affairs than sports information; nevertheless, since there are only four sports newspapers, one of them has the largest readership than the general information newspaper.

On the other hand, the free newspapers that had burst into the market in recent years are now considerably decreasing the number of copies “put into circulation”, the only figure that is audited for these types of publications. Nevertheless, such newspapers are still important since *20 Minutos* publishes nearly 2 million daily copies and *Qué*, 1.3 million.

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**RADIO**

According to the General Media Study report published by the AIMC in November 2012, radio experienced a 3.4 percentage point increase in the number of listeners in 2012, obtaining an average penetration of 61.9% among the Spanish population. The general-interest radio stations had 11.9 million daily listeners, i.e. 44.7% of the audience in 2012. On the other hand, of the 14.7 million daily listeners of the theme radio stations, 92.1% were for music radio.

In Spain, the main large radio groups are as follows:

• **Grupo Prisa**: *Cadena SER*, *Los 40 Principales*, *Cadena Dial*, *M80 Radio*, *Radiolé* and *Máxima FM*.
• **Radio Popular**: *Cadena COPE* and *Cadena 100*.

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**LISTENERSHIP BASED ON INTERESTS**

![Chart showing listenership based on interests]
• **Uniprex**: Onda Cero, Onda Melodía and Europa FM.
• **Vocento**: ABC Punto Radio.
• **RTVE**: Radio Nacional de España/Radio 1, Radio Exterior de España, Radio 3, Radio 5 Todo Noticias and Radio Clásica. Radio Nacional de España (RNE) is a public radio company with national and international coverage that does not have any advertising; its operating expenses are covered by the Spanish Radio Television Corporation (Corporación Radio Televisión Española). In addition to the foregoing, other public regional

* Data refer to the average for the 2nd and 3rd wave of 2012. Source: General Media Study (Estudio General de Medios, EGM) from February to November 2012.
and local radio stations operate in this market.

According to the General Media Study report published by the AIMC, Cadena Ser is still the general-interest radio station with the largest amount of listeners nationwide, with 4.5 million listeners. Onda Cero, with 2.3 million, is in second place; while RNE and Cadena COPE have 1.67 million and 1.66 million daily listeners, respectively. Theme radio is headed by the music stations: Cadena 40 leads with 3.7 million daily listeners and Cadena Dial, with 2.3 million.

According to the Telecommunications Market
Commission (Comisión del Mercado de las Telecomunicaciones, CCMT), radio advertising in 2011 amounted to 391.50 million euros, i.e. 3.26% less than in 2010.

**TELEVISION**

In the last five years, the legal market regulating the Spanish audiovisual sector has been renewed and become more liberalised, adapting the public radio and television service to the EU framework, thus culminating in a new general regulation. The enactment of the Broadcasting Act of 2010 (Ley 7/2010) transposed Directive 2007/65/EC of the European Parliament and of the Council, of 11 December 2007, on Broadcasting Services, condensing the regulations in force until then and providing legal certainty to the industry by making it possible to create broadcasting groups with the capacity to compete in the European market and providing a regulated opening for new business models such as pay digital terrestrial television, high definition and mobility (DTT); and also guaranteeing pluralism and the protection of citizens’ rights while establishing clear transparency and competition rules in a context where the public sector can live with the private sector and there is liberalisation of the broadcasting activity. More recently, the aforementioned Broadcasting Act was amended by the Amended Broadcasting Act of 2012 (Ley 6/2012) with the aim of making the management models...
of the regional broadcasting public services more flexible.

During that time, the number of players in the television sector has increased, especially in 2010, when the transition to digital terrestrial television was completed and analogue broadcasting ceased in Spain.

This substantially increased the television offered by the following nationwide channels, in addition to the regional and local channels, taking into account that there was a major sector reorganisation in 2011 as a result of the mergers between Antena 3 and La Sexta, and Telecinco and Sogecuatro:

- **Grupo RTVE**: La 1, La 2, 24 Horas, Clan, Teledesporte and TVEHD.
- **Grupo Planeta**: Antena 3, La Sexta, Neox, Nova, Nitro, Xplora, laSexta3, Antena 3 HD, la Sexta HD and Gol TV.
- **Mediaset España**: Telecinco, Cuatro, La Siete, FDF, Boing, Divinity, Energy, La Tienda en Casa, Telecinco HD and Cuatro HD.
- **Unidad Editorial**: Discovery MAX, 13 TV, Marca TV and AXN.
- **NET TV (Vocento)**: Intereconomía TV, Disney Channel, MTV and Paramount Channel.

The relaunch of DTT coincided with the 50th anniversary of television in Spain, with the creation of Radio Televisión Española (RTVE), a public state entity which has undergone a major reform process in recent years. Its restructuring was regulated in the State Radio and Television Act of 2006 (*Ley 17/2006*), recently amended by Royal Decree-Law 15/2012, and previously by the Radio and Television Funding Act of 2009 (*Ley 8/2009*), which eliminated advertising in RTVE.

The reform was aimed at ensuring a quality, modern and competitive public radio and television service, independent of the government, financially efficient and responsible, with transparent management and providing a service to all the citizens.

On the other hand, the Spanish Administration and the television networks fostered the Self-Regulation Code on Television Content for Children, signed on 9 December 2004, which enabled them to provide control mechanisms for the television content that may negatively affect children in specific time frames.

According to the shares obtained by the operators, the television audience fragmentation continued in 2012 as a result of a greater presence of players in the market and an increase in the availability of audiovisual content and media platforms.

According to the General Media Study published by the AIMC from February to November 2012, the television shares were as follows: TVE, 17.6%; Telecinco, 17.9%; Antena 3, 14.6%; Cuatro, 5.3%; La Sexta, 4.7%, and TVE 2, 1.8%. On the other hand, in May 2012 the theme channels (which experienced significant growth) had a share of 17.7%, and the regional televisions, just over 11% overall.
In 2001, there were 4.4 million pay-TV subscribers in Spain. Three large platforms lead this segment: Sogecable, with revenues of 978.8 million euros; Ono, with 222.8 million euros; and Telefónica, 216.2 million euros.

According to the Telecommunications Market Commission’s Annual Report, the audiovisual sector obtained 3,693.9 billion euros in revenues in 2011. If we include the subsidies received by the operators from the Public Administrations, the sector obtained 3,914.83 billion euros.

**INTERNET**

The Internet acts as a support to all the media that existed before. It publishes the digital versions of the newspapers and magazines (both HTML and websites, with replica editions of the paper format in PDF, and being consumed on tablets).

It also provides the possibility of listening to online radio, or using smartphone apps or podcasts for subsequent listening.

It helps to promote or supplement traditional television broadcasting (video on demand), and channels created for the Internet and video portals such as YouTube directly compete with television.

Lastly, the social media (and their predecessor, the blogs) have created the phenomenon of citizen journalism, which has become relevant when witnessing significant historical processes (such
as the “Arab spring”) and in terms of the number of followers.

Internet penetration has increased exponentially in recent years, from 5.6% in 2000 to 46.7% in 2012.

The Sociological Research Centre’s *Barometer* for June 2012 shows that 63% of those surveyed had used the Internet for anything in the previous three months. A total of 28.1% of them used the Internet as the main information source for current affairs, while 46% considered that the Internet was a secondary but important source.

In other words, just over 28 million people in Spain used the Internet in March 2012, the latest data certified by the National Observatory for Telecommunications and the Information Society (*Observatorio de las Telecomunicaciones y de la Sociedad de la Información, ONTSI*). Although the increase has been slower than in previous editions, in Spain, like the rest of the world, the Internet audience has never decreased.

Eurostat certifies that Spain has already reached the average consumption for the Euro-27, the goal that had been set since this implies a quality service, the development of a digital economy and management productivity. In media terms, this datum ensures the sustainability for the population that uses social media in Spain.

In 2012, YouTube was the most viewed website in
Spain, with 16,956,000 page views, followed by the digital press, specifically the newspaper *Marca*, with 4,604,000 views; *El País Digital*, with 3,886,000 views, was third, followed by the newspaper As, with 2,449,000 views. Therefore, the Internet has the same leading players as the written media, with the sports newspapers and *El País* heading the way.

On the other hand, the radio and television websites have also increased their presence: Antena3 had 2,444,000 views; RTVE.es, 2,056,000; and Los 40.com, 2,298,000.

**SOCIAL MEDIA**

The report *La Sociedad en Red* (The Online Society), also drafted by the ONTSI, indicates that Spain is the world’s third-largest active user of social media (77%), behind only Brazil (86%) and Italy (78%).

The main social media used in Spain is Facebook, Twitter and Tuenti. Facebook clearly stands out, with nearly 17 million users, ranking Spain 16th in the number of users throughout the world.

Social media have enabled Internet users to increase their participation, in contrast to the offline media such as newspapers and magazines which do not allow active participation, since the Web 2.0 has created a new form of communication: horizontal information where everybody can give their opinion and provide their knowledge.

That is why, in relation to the media and the distribution of information in general, social networks have become important since they are used for commenting on current affairs (even enabling contents to go viral). Therefore, social media are used to support information acts, in terms of both receiving the information and distributing it.

In line with this, 61% of social media users state that they check them every day and 23% several times a week, so 84% of users check them habitually, thus increasing the dissemination of information and content using this method.

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2 Data from 30 days before the publication of the General Media Study (*Estudio General de Medios, EGM*) from February to November 2012.
3 Ibidem.
6 Ibidem.
OFFICIAL WEBSITES

Aena Group: www.aena.es
Astrophysics Institute of the Canary Islands (IAC): www.iac.es
Centre for Technological and Industrial Development (CDTI): www.cdti.es
Cervantes Institute: www.cervantes.es
General Council of the Judiciary: www.poderjudicial.es
Institute for the Elderly and Social Services: www.imserso.es
Marca España: www.marca.es/en
Ministry of Defence: www.defensa.gob.es
Ministry of Foreign Affairs and Cooperation: www.exteriores.gob.es
Ministry of Health, Social Services and Equality: www.msssi.gob.es
Ministry of Industry, Energy and Tourism: www.minetur.gob.es
National Institute for Agricultural and Food Research and Technology (INIA): www.inia.es
National Library of Spain: www.bne.es
National Statistical Institute (INE): www.ine.es
OECD indicators on Education: www.oecd.org/edu/eag2010
Railway Infrastructure Manager: www.adif.es
RENFE: www.renfe.es
Sociological Research Centre (CIS): www.cis.es
Spanish Agricultural Guarantee Fund (FEGA): www.fega.es
State Secretariat for Social Security: www.seg-social.es
The Moncloa Palace: www.lamoncloa.gob.es
The Prado National Museum: www.museodelprado.es
The Reina Sofía National Art Museum: www.museoreinasofia.es
Tourist promotion website for Spain: www.spain.info
Turespaña: www.tourspain.es
Spain today 2013 is an up-to-date look (as at 31 December 2012) at the primary aspects of our nation; its public institutions and political scenario, its foreign relations, the economy and a panoramic view of Spain’s social and cultural life, accompanied by the necessary historical background information for each topic addressed.

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