

Conclusions of the 5th report on Spanish economy produced by the Business Council for Competitiveness

THE ECONOMIC RECOVERY WILL GAIN STRENGTH IN 2014 AND 2015

- **The improvement in the Spanish economy will become evident both this year and next year, with a real GDP growth of 1.3% in 2014 and 2% in 2015.**
- **The fiscal adjustments undertaken in 2013, internationalisation and the reform agenda are the keys to this acceleration, which is proving to be even faster than that forecast a year ago.**
- **Spain's geostrategic position makes it an ideal location for exports and the development of value-added clusters.**
- **The CEC insists that the reform agenda must continue in order to improve the country's growth potential and reduce the unemployment rate.**

Madrid, 7th July 2014.- The positive turnaround in the economic forecasts for Spain anticipated by the Business Council for Competitiveness (CEC) in its previous reports and backed by international agents is now a reality. The economic cycle has reached a clear turning point, thanks to the efforts made by our country and also the improvement in the European economic scene.

That is one of the first conclusions of the new economic report produced by the CEC, which outlines the economic scenario forecast for 2014 and 2015, and which reveals an even faster rise in growth than that predicted a year ago. The CEC estimates that growth in Spain this year will be 1.3%, increasing to up to 2% in 2015.

As keys in this acceleration of the economic recovery, the document cites the implementation and the credibility of the fiscal adjustments made last year, growing internationalisation and the commitment to reform.

The study, produced by experts and analysts from the companies that make up the CEC, highlights the current positive phase of the economic cycle in Spain, following a very favourable contribution by the foreign sector, which will now be translated into fixed investment and, finally, into private consumption and employment.

In fact, the labour statistics of the last six months confirm this improvement, related not only to the economic recovery already underway, but also to the greater flexibility as a result of the labour reforms, which have contributed to substantially halting the loss of jobs in both 2012 and 2013.

In this document, as in previous reports, the CEC once again highlights the potential of the internationalisation of our economy, which must increasingly be based on the diversification of products and destinations to reinforce exports, not only by large companies but also by small and medium-sized enterprises.

This export potential confirms the attractiveness of Spain for inward productive investments, as demonstrated by the volume of international projects which the country has attracted in recent years, despite the economic crisis, thanks also to its geostrategic location, ideal for the development of value-added clusters.

The reforms must continue

These favourable dynamics, explains the CEC's report, are sustainable thanks to the fact that the imbalances in the private sector have been addressed, especially the fall in its debt levels, the restructuring of its assets and the improvement in its operating figures. This, together with the fact that the construction sector's contribution is increasingly less negative, will mean that the CEC's growth predictions should be met.

However, in its report, the Council insists that considerable challenges still lie ahead and that the reform agenda implemented by the government must continue to be enforced. The document stresses three areas in which these reform efforts should be concentrated from now on:

- maintain the project for the modernisation and rationalisation of the Public Administration
- promote additional legislation to stimulate job creation
- place the focus on the economic transformation.

Finally, the CEC considers it advisable to reinforce the commitment to the Knowledge Economy for greater added value, a better international positioning and a natural reindustrialisation of Spain. The education and energy policies, together with a Digital Agenda which fosters innovation and the use of ICTs, will be fundamental, in the opinion of the authors of the report.

About the Business Council for Competitiveness

The Business Council for Competitiveness (CEC), created in February 2011, is composed of 15 companies and the Family Business Institute. The direct contribution of the companies of the CEC was 5.3% of Spanish GDP in 2013, while their total contribution, including direct and secondary impacts, stood at 13.2% (122,742 million euros). 59.7% of their combined turnover is generated outside Spain. Currently, the Council is presided over by the CEO of Telefónica, César Alierta.

Companies of the Business Council for Competitiveness: Acciona, ACS, Banco Santander, BBVA, El Corte Inglés, Ferrovial, Grupo Planeta, Iberdrola, Inditex, La Caixa, Mango, MAPFRE, Mercadona, Repsol, Telefónica.

Family Business Institute, represented by: Grupo Barceló, Havas Media Group, Prensa Ibérica.