

Terms of Reference on Spain

We discussed the fiscal situation in Spain. We noted the sizable overrun in the budget execution of 2011, which requires a larger consolidation effort in 2012. We welcome the commitment of the Spanish government to meet the 2013 deadline for the correction of the excessive deficit, bringing the deficit below 3% of GDP.

We support the Spanish authorities' resolve to adopt the 2012 budget as soon as possible, containing a substantial consolidation effort, which is backed-up with well-specified measures ensuring that this correction is credible and sustainable at all levels of government. The Eurogroup assesses that the timely correction of the excessive deficit should be ensured by an additional frontloaded effort of the order of 0,5% of GDP, beyond what has already been announced by the Spanish authorities so far, and by an early adoption and strict implementation of the new mechanisms in the Budget Stability Law on the monitoring and control of budget compliance at different levels of government. The Spanish government expressed its readiness to consider this in the further budgetary process.

We stressed the importance of substantial progress made with structural reforms to boost employment and growth so far, which would need to be complemented with further efforts in the areas of product and service markets.