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**ECONOMY, LABOUR AND SOCIETY**

# SPAIN 2006 ANNUAL REPORT ON THE SOCIOECONOMIC AND EMPLOYMENT SITUATION

## SUMMARISED EDITION

CONSEJO ECONÓMICO Y SOCIAL

CES

# ANNUAL REPORT ON THE SOCIOECONOMIC AND EMPLOYMENT SITUATION IN SPAIN, 2006

Approved at the ordinary meeting of the
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# PRESENTATION

*On 31 May, 2007 the Plenary Session of the Economic and Social Council approved the Annual Report on Spain's socioeconomic and employment situation in 2006. This is the first time that it has fallen to me, as President of the ESC, to present this Annual report, and I would like to dedicate my first words to Jaime Montalvo, previous President of the ESC and express my personal affection and institutional gratitude to him for his work over these last years.*

*Through the Act which brought it into being, the ESC is the consultative body of State Government in socioeconomic and employment matters. Logically, these matters which concern the ESC largely dictate its composition. The key players of the ESC are the most representative trade union organisations, the most broadly representative employers' organizations, representatives of sectors such as agriculture, deep sea fishing, consumers and users, and the social economy, along with experts with special training and experience in the socioeconomic and employment sphere.*

*The ESC is therefore a very significant example of what has come to be called participatory democracy, a term that expresses the idea of extending democracy through greater involvement of civil society in political life. The ESC fulfils its role with a constitutional mandate to promote the participation of the citizenry, through organizations or associations in economic and social life. To express these ideas we also use the term 'deliberative democracy', and probably this is a term that better expresses the ESC's tasks. In these tasks, deliberation; the use of words as a working tool to try to convince, and to seek a consensus between those who represent diverse interests within society, is a sign of identity, and it is also the added value that the ESC can best contribute.*

*In this sense, the ESC constitutes a sphere which we could call social reflection, and the Annual Report is a good example of this, as it is an analysis that goes beyond* *pure description, since it includes assessments that provide a direction towards lines of action.*

*Specifically, article 7.1.5 of the Act which created the ESC entrusts this body with the task of drafting and submitting an Annual Report to the Government within the five first months of every year, which sets out its considerations on the socioeconomic and employment situation of the nation. Thus, the ESC has been doing so since its beginnings, and the Annual Report that has been produced this year for 2006 is no exception. This edition is now number 14. The drafting of the Annual Report is a good example of how the work of the ESC is undertaken and the importance this Annual Report has.*

*First of all, within the different Working Parties over which the activity of the ESC is spread, there is a specific one for the drafting of the Annual Report, presided over by Fernando Valdés, Adviser to the ESC, in his universally recognised capacity of expert in social affairs. In December last year this Commission began its work, drafting an index of the subjects to be covered in the Annual Report and designating the authors charged with each of the three chapters: board members Messrs Aragón, Cruz and Suárez.*

*From that point on, an intense process work began in the Commission, with the vital technical support of the ESC's Studies and Analysis Area. The drafting of the Annual report begins with the work of the ESC's Technical Area, which provides the board members with data and information on the socioeconomic situation, which they have been compiling throughout the year, as part of their task of analysis. To this is added the contribution of representatives of the Administration and qualified experts, who gradually fill out this basic information. From this work the board members' criteria is gradually set down and agreed upon. In addition to the information from their respective organizations, the board members also contribute their own assessment of this information, in keeping with their role of representatives of the different economic and social interest groups.*

*Recalling now the participants in drafting the Annual Report takes us unavoidably to expressing our gratitude for their hard work, their technical investigation and their ability and willingness to reach common diagnoses.*

*This is a laborious and complex task, first of all due to the volume of the work done, amounting to 28 meetings of the Commission and the corresponding Working Parties. A clear factor of this complexity is seen, at the same time, through an indicator of one of the main positive and singularising elements in the Annual Report. I refer to the general and global nature of its contents.*

*The Annual Report includes, firstly, a description of the economic scene, placing this both in an international context and in that of the European Union, dealing specifically with the evolution of internal and external demand, production, the functional distribution of income, the evolution of prices, the position of R&D&i, and the results in terms of comparison between regional economies. This description tells us that we are in a healthy economic position. This economic situation also arises from the good performance of the European economy and is expressed as the percentage of GDP growth: 3.9%, which is the highest since 2000, with a more balanced growth pattern between sectors and also between internal and external demand, although supported strongly by the former, and with CPI growth of 2.7%.*

*This leads us to reflect upon a model which, due to this high level of consumption, has created heavy borrowing in Spanish households. The Annual Report also emphasizes the European Commission's and the OECD's diagnoses on the need to resolve what they describe as weaknesses in the Spanish economy, such as the persistence of the inflation differential with respect to the EU average, although it is true that this the gap is now gradually narrowing.*

*The Annual Report observes that the trend towards the reduction in the weight of salaries as a proportion of GDP has continued in 2006 and this may reflect the concentration of new jobs in occupations with relatively low wage levels and qualifications. Here, as in other cases, the new composition of the labour supply must be borne in mind, with an increasing presence of women and immigrants.*

*Secondly, the Annual Report analyses the results of this economic situation in relation to a key factor, from the Council's perspective: labour. Chapter Two analyses the evolution of the labour market, employment policies - with particular attention paid to the regional dimension - and also the evolution of social dialogue, collective bargaining and the climate of labour relations as a whole.*

*Figures indicate that the employment situation may be described as positive. Employment figures increased by 774,000 in 2006 which, although less of an increase than in 2005, is higher than the figures for 2001 to 2004. With these results, employment is up by 4.1%, putting the employment rate at 53.4% and unemployment at 8.5%. Over the last decade, employment has risen by five million, and three of those five million are women – an important feature in my view. Nevertheless, the study draws attention to the fact that young people and women continue to be the groups most suffering from unemployment (three out of every five unemployed persons are female). It could be said, therefore, that unemployment is unfortunately still a female issue.*

*At the same time, the Annual Report notes that temporary employment in the public sector increased considerably in 2006, whereas in the private sector permanent* *contracts saw an increase. All in all there were 5.5 million temporary workers employed in Spain, 348,000 up on the previous year, putting the rate of temporary employment at 34%. This rise in temporary employment has some relation with immigration. It must also be considered that of the total growth in employment in 2006, 195,200 jobs went to male immigrants and 169,000 to female. The temporary employment rate, however, is higher for young people, immigrants and, again, women.*

*The Annual Report emphasizes the importance of the Agreement in improving growth and employment, as well as subsequent legislative reform, as a corrective element in this situation, and the first data gathered after the new regulation came into effect appear to confirm this.*

*As regards training, the increase of 23% in participants on training programmes should be underlined, although it must also be pointed out that almost half of those enrolled were skilled workers, coupled with the fact that the proportion of women was lower than what the labour market would appear to demand.*

*Collective bargaining has developed in a favourable economic climate and good labour relations – the fruit, to a great extent, of the agreements through social dialogue and, in particular, the Inter-Confederation Agreement for Collective Bargaining. Thus, days lost through strikes were down 10%.*

*The final wage increases of 3.56%, lower than those of the previous year, show continuity in the trend towards wage restraint. This same continuity is seen in the maintenance of the working day as previously agreed. The Annual Report this year underlines the key presence of clauses referring to employment and equality, and the sensitivity of the negotiators towards subjects the importance of which we have highlighted, is without doubt welcome news.*

*The industrial accident rate has seen an increase in absolute figures for accidents involving absence from work, although the parallel increase in employment actually indicates a slight drop (1.3%) in the accident rate generally, and a more pronounced drop in serious (13.2%) and fatal accidents (4.5%).*

*The Annual Report also concerns itself with the increasing process of regional decentralization in employment policies, and sees this as an opportunity to modulate these policies depending on the particular regional situations, however we also warn of the problems of lack of coordination between state and regional (Autonomous Community) administration.*

*In Chapter Three, the Annual Report analyses issues that, in turn, arise from the previous issue and are directly related to them, such as those concerning quality of* *life and social protection: education, the information society, housing, sustainable development, healthcare, consumption, social security, social services, social inclusion and non-discrimination.*

*This chapter touches on a worrying element. Spain is one of the European countries that has to make the greatest effort to meet the Lisbon objectives in education. We have detected that there are extremely high drop-out rates in Spanish schools, and an increase in the proportion of young people who do not have even minimal reading skills.*

*Indicators for information and communication technologies (ICTs) show a moderate advance in relation to European figures, however considerable differences persist. The Annual Report emphasizes the role of the 'Plan Avanza' in closing this gap.*

*The financial situation of the social security system has been corrected, however let us not forget that we have not yet reached European average expenditure on social protection. The increase of more than 600,000 in people liable for social security contributions is, without doubt, a key factor in this positive financial position, although it should also be said that a high number of the new contributors pay a very low contribution. When analyzing the evolution of retirement, an increase in partial retirement has been observed that may be described as worrying. This concern will be justified if it transpires that those opting earlier for early retirement are now choosing this formula.*

*To conclude this chapter, the ESC emphasizes the important change in public policies expressed through the laws on Dependents and Equality and the Plan for the Social Integration of Immigrants.*

*As can be seen, the content of the Annual Report is wide-ranging and includes all the facets that provide us with an economic and social x-ray image of Spain. Without doubt the ESC's broadly represented interests are a decisive element when it comes to gaining a broad view of the current position in Spain. Those who inform us of the situation and the problems in Spanish society are key stakeholders in the day-to-day activity of Spanish society, such as workers, employers and official interest groups. For this reason, it would be reasonable to say that we have a view of the genuine concerns of citizens who participate in the economic and social processes that form the backbone of our society.*

*The great value of the ESC viewpoint is in its nature of being a view shared by all the key stakeholders in social and economic life. Earlier we stated that words were the ESC's working instrument and consensus its technique. This has been applied in* *the Annual Report, hence the specificity and added value of this Annual Report lies in the fact that it is a commonly shared diagnosis.*

*With this summary of the main data and criteria, along with a detailed reading of the Annual Report, which I would recommend, we have before us a general overview of the socioeconomic situation towards which this Annual report is orientated. Each reader will draw his or her own conclusions, but in any case I would favour an attempt to jointly read and interpret this wide variety of data and indicators. Indeed, the breadth and cross-sectional nature of the Annual Report eases this task. Criteria or data such as the core nature of labour may appear within this analysis, along with the consideration of human capital as a strategic factor in a model for economic growth which makes economic efficiency and competitiveness compatible with social cohesion, or the view of a socioeconomic situation which is the result of a broad range of factors of differing natures, albeit with an interconnection that demands consistent approaches towards them. We shall also see the assessment of immigration as a decisive factor in the evolution of employment, as well as the entry of women to the labour market, as a key element in employment, and also as a challenge in reaching effective equality.*

*The Annual Report presents us with a positive but not complacent diagnosis of the socioeconomic situation in Spain, since there are also circumstances arising which require rectification or improvement. For this reason, the Annual Report may serve in order that those who, from within society, have drafted it and those the report is directed to within the public authorities, may take action in the right direction.*

MARCOS PEÑA
President of the Economic and Social Council

## SUMMARY OF CHAPTER I: ECONOMIC OVERVIEW

### 1. International scenario

In 2006 the Spanish economy developed in a more favourable international economic climate than the previous year. In effect, the world economy, in spite of the persistence of the imbalances it is manifesting, recorded the best results in the last decade, in terms of growth, while world trade, for its part, also showed signs of remarkable dynamism.

*International economy*

On this occasion, the recovery in the European Union and the sustained strength of the emerging economies succeeded in offsetting the slightly poorer than expected results for the US economy. In the United States, the expansion lost momentum but the contribution of its foreign trade sector to growth was positive. Thanks to this factor, the current high US trade deficit took a back seat amongst the imbalances that may endanger continued expansion of the US economy. However, in 2006 a new element of risk arose for this continuation: the pronounced downturn in the property market, and its possible transfer, within the US economy, over to other sectors and to private consumption and the rest of the world economies. The Chinese economy, which already represents 15.1% of world GDP, although also showing certain signs of imbalance, once again grew at a vigorous pace. The European Union, for its part, recorded better than expected results by growing at the highest rate since the year 2000, and after years of a degree of sluggishness, succeeded in contributing on this occasion to the expansion of world growth.

*World Trade*

In line with this greater increase in world production, world trade also experienced strong growth, this in spite of the suspension of multilateral negotiations in the sphere of the World Trade Organisation (WTO) and the consequent major increase in regional trade agreements.

## 2. European Union

The above-mentioned recovery in the EU economy in 2006 contrasted with the weakness seen in the institutional sphere. Economic growth was more balanced than in previous years, with a noticeably greater weight of investment as opposed to consumption in internal demand, which saw more moderate growth. For its part, foreign trade was favoured by world economic and trade growth in general, despite the appreciation of the euro throughout the year.

*Economic Situation*

All the Member States recorded positive growth, which varied between 6.0% in Ireland and Finland to below 2.0% in France, Italy and Portugal, reflecting the disparity between existing growth rates. The recovery in the German economy should also be mentioned, with a growth rate of 2.7% of GDP, which was almost two percentage points higher than in 2005. On the other hand, the Member States joining the European Union in 2004 kept on the path of fast growth observed in previous years, growing, in general, over the EU average, and in some cases even in double digit figures. Forecasts for 2007 reflect a certain easing off in the growth rate, derived from the uncertainty over the evolution of the world economy.

Growth in business had its positive impact on the labour market, where three and a half million new jobs were created, reducing the rate of unemployment to 7.9%, which is nearly one percentage point lower than the previous year's figure. At the same time, public finance was also favoured by the higher growth in GDP, reducing the budget deficit by 0.7%, down from 2.4% in 2005. In both cases prospects for 2007 look favourable.

Continuing with the trend begun in 2005 of increasing oil prices, these began to see a drop from September, a fact which contributed to inflation standing at 2.2% for the EU-25 and 1.9% for the Eurozone as a whole in December. For 2007, it is hoped that the European Central Bank's (ECB) objective of stable prices will be reached, due to the reduction in inflation spurred by the fall in oil prices and the slight effect that tax reforms instituted by some Member States are having.

The risks for stability in prices, caused by the increase in oil prices in the first half of the year, the solid recovery of the European economy, and the ample liquidity of the Eurozone led monetary policy to adopt a more restrictive direction, with consecutive increases in interest rates, reaching the 3.5% mark by the end of the year.

*Institutional panorama*

The positive trend in the economic sphere contrasts with a certain institutional weakness throughout 2006, with neither of the two presidencies, Austria or Finland, having succeeded in reaching key agreements over some of the issues important to the future of the Union. In addition, a slowdown was seen in the advance of the European Union, as a result of the stumbling blocks to the process of unanimous decision-making in a Europe enlarged to 27 members.

On 1st November, 2006 the Treaty putting a Constitution for Europe in place was to take effect. With France and Holland's rejection of the constitutional project in 2005 the process got bogged down, beginning a period of reflection from that point on, the conclusions of which were passed on to the German presidency of the European Union during the first six months of 2007. Germany is to present a report on this matter, raising possible alternatives.

The most recent enlargement of the European Union in 2004, with the accession of ten new Member States, plus Bulgaria and Rumania in 2007, is presenting a challenge to the functioning of the Union, which does not seem to have fully assimilated the enlargement process of 2004 yet. On this point, the European Council of December 2006 indicated that the enlargement strategy based on the consolidation of commitments, the fulfilment of conditions and communication, combined with the ability of the

European Union to admit new members, laid the foundations for a renewed consensus over the future of enlargement. In addition, for the future, the rate of the EU enlargement process would depend, in turn, on the speed of reforms in each candidate country, with the Union guaranteeing that it could maintain and advance its own development while continuing with its enlargement agenda.

In the legislative sphere, we would highlight the approval of the Services Directive, the objective of which is to constitute a legal framework to surmount obstacles to freedom of establishment for companies and professionals in the Member States and facilitate free circulation of services in the European Union, maintaining a high standard of quality for these.

As regards the renewed Lisbon Strategy, over the course of the year the different Member States, among them Spain, continued with the enforcement of their respective National Reform Programmes and drafted progress reports, which they presented to the Commission for assessment in Autumn 2006.

*Towards a common energy policy*

The events of recent years in the energy markets, the most dramatic consequence of which was the rise in the price of oil, coupled with the increasing awareness of the need to preserve the environment, led to a strong need in Community circles in 2006 in favour of providing the EU with a sustainable, competitive and secure energy supply, given its low level of self-supply and high energy dependence. The debate culminated in January 2007 with the Commission's approval of a global package of measures to fight climatic change, provide an impetus for security of supply (in view of the EU's increasing dependence on energy imports, which are very concentrated in geographical terms) and to boost the competitiveness of energy sectors and markets in the face of increasingly high prices.

Any Community energy strategy will require a high degree of political commitment from Member States to ease the resolution of possible conflicts over competencies that could arise in the light of the extremely heterogeneous nature of different national regulations, the remarkable concentration of most of the Member States' markets, or the low level of development of interconnections. Furthermore, unanimous action in response to third countries would be essential in resolving the challenges posed with regard to security of supply and climate change. The Spanish perspective envisages action consistent with the Community strategy, although differentiated in view of the peculiarities of Spain in this sphere, placing special emphasis on the development of interconnections that would guarantee Spain's integration within a future European single market.

## 3. Spanish economy

*Domestic and foreign demand*

The growth of the Spanish economy, which reached 3.9%, was the highest since FY 2000. In addition, as opposed to the previous financial year, the growth pattern in 2006 was more balanced between domestic and foreign demand. Nevertheless, as in previous years, the growth of the Spanish economy continued dependent on domestic demand. The most remarkable feature of the behaviour of domestic demand was the slight deceleration in private consumption, the maintenance of a higher than expected level of investment in construction, and the strong acceleration in investment in capital goods. Since private consumption continued to show signs of strength, the level of saving in household economies fell once again, with borrowing reaching very high levels. Gross capital growth, specifically in capital goods, was encouraged by optimistic business expectations; in contrast to expectations, investment in construction did not show signs of weakening during the financial year.

Along with the favourable contribution to growth in domestic demand, foreign trade results were better than expected, thanks to the recovery of Spain's main trading partners. However, the Spanish economy's need for financing, measured by the aggregate balance of current accounts and capital, although slowing the rate of increase, stood at around 8.0% of GDP.

*Production*

From a sectoral perspective, FY 2006 could be considered as the beginning of the trend towards a certain sector-based rebalance, with greater involvement of industry in GDP growth, in contrast to the high profile of the construction industry in previous years. Industrial recovery, which gained impetus as the year progressed, affected both extractive industries as a whole and manufacturing firms. Examples are the slight recovery of the automobile industry, responding to an increase in export sales, or the relative calm in the textile sector after the tough adjustment in FY 2005. Production in the energy sector fell due to lower demand for energy during the mild weather in the early winter months. In spite of everything, and although its growth rate slowed, construction was once again the most dynamic sector in 2006, due to the fact that the fall-off in demand for housing was smoother than expected (against a backdrop of worsening accessibility for potential home buyers) but with an improvement in business forecasts which favoured non-residential construction.

For its part, the primary sector closed the financial year with an increase in production after adverse results for 2005. Specifically, agricultural income improved in 2006, although its result was determined by the drought during the first half of the year. The fisheries sector, concerned over the development of sustainable fishing grounds, was subjected to a complete revision of its legislative framework over the course of 2006, as the European Fisheries Fund was approved during the financial year and will take effect in 2007, bringing a substantial modification in fishing policy.

In 2006 the services sector was the most dynamic after construction. Trade showed clearly higher growth than the previous year, with a considerable recovery in food sales, specifically those made in specialised outlets. The telecommunications sector, which also registered remarkable growth, revealed very different behaviour between its two main services: mobile telephony, which showed clear dynamism, and landline telephony, which appeared to have reached maturity.

Economic activity developed within the framework of fairly restrictive demand policies and further advances in structural reforms. Spanish public accounts closed the financial year with a tax surplus and the ECB’s monetary strategy was somewhat more restraining than in preceding financial years, responding to the general needs of the Eurozone. Even then, interest rates still continued at low levels for the Spanish economy, favouring the strength of domestic demand as mentioned earlier.

Structural action in 2006 was framed within the National Reform Programme (NRP), and attempted to affect aspects such as the need to increase competition in the electricity and retail trade sectors. In addition, the programme embraced the EU's priorities of developing a European energy strategy, promoting enterprise potential, mainly of SMEs, increasing the opportunities of employment for certain categories of workers, and promoting investment in knowledge and innovation.

In spite of reviewed forecasts for 2007 by key international bodies, the need is reiterated to resolve certain weaknesses in the Spanish economy, specifically the persistence of the inflation differential with respect to the EU average, which will continue wearing away at our competitiveness abroad. These bodies also consider that beyond the cyclical pattern of the Spanish economy there are structural reasons which underlie this differential, highlighting the lack of competition in certain protected sectors, or the country's high energy dependence and the vulnerability of the Spanish economy to oil prices.

Even then, forecasts for 2007 from these international bodies do not differ substantially from those presented by the Government. They consider that growth in GDP will flatten out, especially in the second half of the year, as a result of the deceleration in private consumption and investment, particularly in housing construction, in response to higher interest rates. Even so, private consumption will continue to be the main driver of domestic demand, stimulating economic growth. With regard to foreign trade, an improvement is expected in its contribution to the growth of the economy, in view of the good performance of the main export markets. The cushioning effect on GDP growth will transfer over to the labour market, so the Government anticipates job creation to flatten out during financial year 2007, a fact that could well affect private consumption.

*Functional distribution of earnings*

With respect to factor-based income distribution, the trend begun in 2000 towards the reduction of the weight of earnings as a proportion of GDP and the increase in the gross surplus on operating profits and mixed income continued in 2006. We are currently seeing a loss of the economic significance of earnings, in spite of the increase in the number of wage-earners and the fact that the moderate increases in average pay per wage-earner are systematically lower than individual productivity rates. This trend could reflect the concentration of new jobs in occupations with relatively low wage/salary levels and qualifications, and also in businesses such as construction and some market services, with a high proportion of temporary employment, where the entry of immigrants, women and young people has been significant. On the other hand, company profits once again recorded very significant increases in 2006, amongst other reasons as a result of the favourable evolution in business in general and moderate increases in personnel costs.

*Inflation and financial markets*

With respect to inflation and the financial markets, the evolution of oil prices, which reached historic heights during the first half of 2006, marked the upward trend in inflation during those months, then began a gradual deceleration. Another factor contributing to this was a slight moderation in domestic demand due to lower household consumption in an environment of increasing interest rates. Thus, prices in the month of December recorded year-on-year growth of 2.7%, one percentage point less than the previous year, thus bringing down the inflation differential with the Eurozone average.

The year 2006 was a very positive one for the securities markets, with the performance of the Spanish markets standing out amongst European markets as a whole; these market showed very favourable figures, not only in terms of yield but also in volumes traded.

*Public sector*

Looking at the public sector, certain deficiencies as regards accounting and statistical information still persist, in spite of the efforts towards transparency made in recent years, and in particular with regard to the lack of fit between national and budgetary accounting, and the insufficiency of (and delay in) receiving information relative to regional administrations and the public sector outside the scope of the public administrations.

The budget surplus amounted to 1.8% of GDP in 2006 and the weight of national debt as a proportion of GDP dropped to 39.7%. This is explained not by the moderate growth in public spending, up 8.4% (with a significant boost from capital expenditure), but by an exceptional increase in non-financial income (10.3%). This figure responds to strong growth in employment, the favourable evolution of company profits, income from earnings and capital and the strength of consumption and imports, without forgetting the effect of inflation.

As for the budgets for 2007, they continue to be set against a very favourable economic background, also anticipating a surplus equivalent to 1% of GDP, thanks once again to the positive differential of the increase in income against non-financial expenses, which occurs in spite of the tax reduction arising from reform of direct taxes. The functional structure of expenditure indicates that provisions for most policies have increased beyond GDP, and that the bigger increases are recorded in items associated with economic productivity, such as infrastructures, R&D&i and education, and in areas associated with the provision of some public services such as public safety, prisons and foreign policy. On the other hand, social expenditure records more moderate increases, albeit continuing to represent more than half of total expenditure.

The year saw two far-reaching legal reforms in the sphere of public finance. On the one hand, the reform of legislation on budgetary stability alters the concept of stability, replacing the annual balance with a balance throughout the entire economic cycle. This allows an additional deficit for investments, reinforces the participation of regional governments, and introduces measures to reinforce the transparency of the process of fixing and supervising budgetary targets. Furthermore, the reform of direct taxation which has taken effect in 2007 and which was passed by this Council at the draft law stage, involves a joint tax collection cost estimated at €3.61bn and introduces substantial modifications in IRPF (basic income tax). The important point here is the consolidation of dual taxation of salary and capital income, and Corporate Tax, where taxation rates have come down five points in two years and most of the deductions have gradually been eliminated.

*Research, technological development and innovation*

In the area of research, technological development and innovation, although development in recent years has been quite positive the Spanish system of R&D&i continues to lag significantly behind our neighbours, bearing in mind the indicators for both resources and results associated with the science and technology system. Investment in and the strengthening of the Spanish system of science and technology constitutes one of the main priorities of economic policy, with a view to strengthening the structural competitiveness of the Spanish economy. The National Programme of Reforms is orientating this policy towards a threefold objective: to achieve a level of expenditure in R&D equivalent to 2% of GDP, to put the contribution of the private sector to financing at 55%, and to increase the involvement of the information and communication technologies (ICT) sector to 7%.

With these goals in mind, the three strategic programmes forming part of the Ingenio 2010 project (CENIT, CONSOLIDER and AVANZA) were started, and the Integrated Monitoring and Assessment System was set up. This is a tool designed by the Government to monitor management of public grant programmes for R&D&i projects. Furthermore, several developments have taken place which aim to foster technology transfer to the private sector and eliminate bureaucratic red tape, such as the State Agencies Law for the improvement of public services, the general Regulation on grants, the Public Sector Contracts Bill and the reform of the Statutory Law on Universities. In addition, a modification was made to the system of incentives to R&D&i companies to replace tax breaks in the corporate tax with rebates on national insurance contributions for hiring research staff.

*Regional economy*

Finally, as regards the evolution of the different autonomous communities (self-governing regions), over recent years, and as confirmed in 2006, the degree of convergence reached in growth rates compared with the average growth rate for the country as a whole has been increasingly greater. This, in turn, has brought economic convergence with the rest of the European economies and regions which, to a great extent, has been favoured by the availability and good use of the Structural Funds.

In this direction, once the financial prospects for 2007-2013 had been approved in the European Council of December 2005, the national and regional authorities concentrated their efforts during 2006 on defining and structuring the new National Strategic Benchmark for this period, through which the EU Structural Funds (ERDF and ESF) and the Cohesion Fund will be distributed between the different Spanish regions, and which must aim to maintain and strengthen the level of convergence reached.

## INTERNATIONAL SOCIOECONOMIC INDICATORS, 1998-2007

(Rates of year-on-year variation)

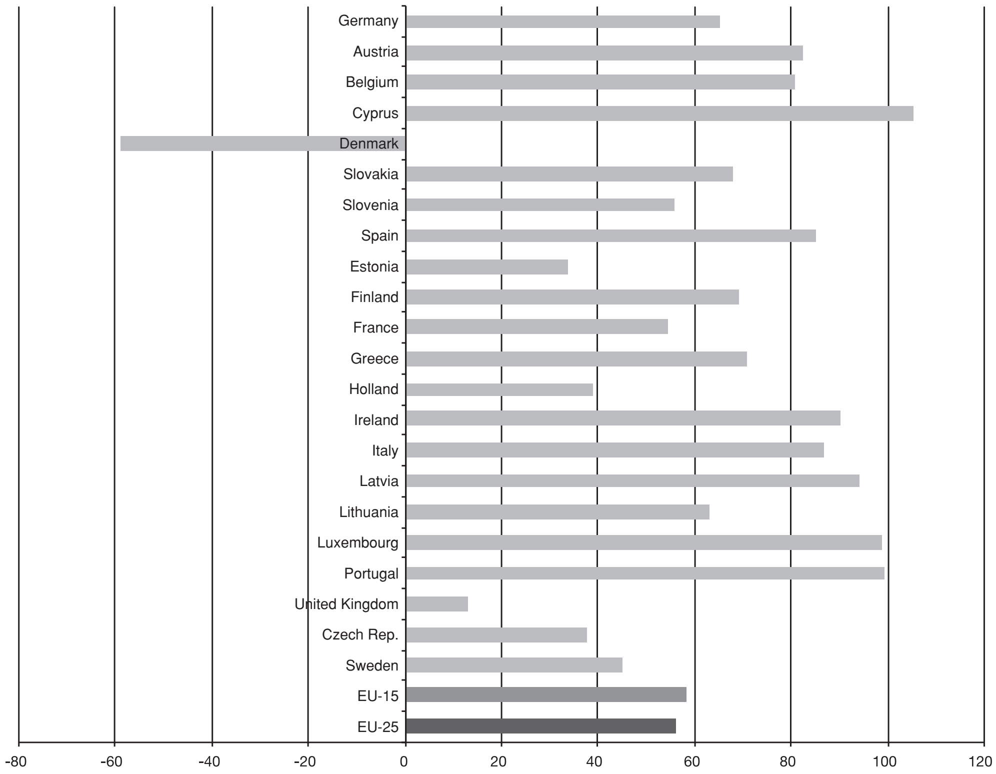
| Indicators | 1989-98 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 (p) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **GDP Growth** | | | | | | | | | | | |
| World | 3.2 | 2.7 | 3.7 | 4.8 | 2.5 | 3.1 | 4.0 | 5.3 | 4.9 | 5.4 | 4.9 |
| Advanced countries* | 2.7 | 2.5 | 3.5 | 4.0 | 1.2 | 1.6 | 1.9 | 3.3 | 2.5 | 3.1 | 2.5 |
| United States | 3.0 | 4.2 | 4.4 | 3.7 | 0.8 | 1.6 | 2.5 | 3.9 | 3.2 | 3.3 | 2.2 |
| Japan | 2.0 | –2.0 | –0.1 | 2.9 | 0.2 | 0.3 | 1.4 | 2.7 | 1.9 | 2.2 | 2.3 |
| Canada | 2.1 | 4.1 | 5.5 | 5.2 | 1.8 | 2.9 | 1.8 | 3.3 | 2.9 | 2.7 | 2.4 |
| European Union | 2.0 | 2.9 | 3.0 | 3.9 | 2.1 | 1.4 | 1.5 | 2.6 | 1.9 | 3.2 | 2.8 |
| Germany | 2.5 | 2.0 | 1.9 | 3.1 | 1.2 | 0.0 | –0.2 | 1.2 | 0.9 | 2.7 | 1.8 |
| France | 1.8 | 3.3 | 3.0 | 4.0 | 1.8 | 1.1 | 1.1 | 2.0 | 1.2 | 2.0 | 2.0 |
| Italy | 1.6 | 1.4 | 1.9 | 3.6 | 1.8 | 0.3 | 0.0 | 1.2 | 0.1 | 1.9 | 1.8 |
| United Kingdom | 2.0 | 3.3 | 3.0 | 3.8 | 2.4 | 2.1 | 2.7 | 3.3 | 1.9 | 2.7 | 2.9 |
| Spain | 2.8 | 4.5 | 4.7 | 5.0 | 3.6 | 2.7 | 3.0 | 3.2 | 3.5 | 3.9 | 3.6 |
| Eurozone | — | 2.8 | 3.0 | 3.9 | 1.9 | 0.9 | 0.8 | 2.0 | 1.4 | 2.6 | 2.3 |
| Developing Countries | 3.8 | 3.0 | 4.1 | 6.0 | 4.3 | 5.0 | 6.7 | 7.7 | 7.5 | 7.9 | 7.5 |
| Africa | 2.2 | 2.9 | 2.7 | 3.1 | 4.4 | 3.7 | 4.7 | 5.8 | 5.6 | 5.5 | 6.2 |
| Asia | 7.3 | 4.3 | 6.4 | 7.0 | 6.0 | 7.0 | 8.4 | 8.7 | 9.2 | 9.4 | 8.8 |
| China | 9.6 | 7.8 | 7.6 | 8.4 | 8.3 | 9.1 | 10.0 | 10.1 | 10.4 | 10.7 | 10.0 |
| Latin America | 3.1 | 2.3 | 0.3 | 3.9 | 0.5 | 0.3 | 2.4 | 6.0 | 4.6 | 5.5 | 4.9 |
| Central and Eastern Europe | 1.1 | 2.8 | 0.5 | 4.9 | 0.2 | 4.5 | 4.8 | 6.6 | 5.5 | 6.0 | 5.5 |
| Russia | — | –5.3 | 6.4 | 10.0 | 5.1 | 4.7 | 7.3 | 7.2 | 6.4 | 6.7 | 6.4 |
| **Inflation (CPI)** | | | | | | | | | | | |
| Advanced countries* | 3.5 | 1.5 | 1.4 | 2.2 | 2.1 | 1.5 | 1.8 | 2.0 | 2.3 | 2.3 | 1.8 |
| United States | 3.3 | 1.5 | 2.2 | 3.4 | 2.8 | 1.6 | 2.3 | 2.7 | 3.4 | 3.2 | 1.9 |
| Japan | 1.5 | 0.7 | –0.3 | –0.4 | –0.8 | –0.9 | –0.2 | 0.0 | –0.6 | 0.2 | 0.3 |
| Canada | 2.5 | 1.0 | 1.7 | 2.7 | 2.5 | 2.3 | 2.7 | 1.8 | 2.2 | 2.0 | 1.7 |
| European Union | 11.5 | 2.9 | 2.2 | 3.1 | 3.0 | 2.5 | 2.2 | 2.3 | 2.3 | 2.3 | 2.2 |
| Germany | 2.6 | 0.6 | 0.6 | 1.4 | 1.9 | 1.4 | 1.0 | 1.8 | 1.9 | 1.8 | 2.0 |
| France | 2.5 | 0.7 | 0.6 | 1.8 | 1.8 | 1.9 | 2.2 | 2.3 | 1.9 | 1.9 | 1.7 |
| Italy | 4.5 | 2.0 | 1.7 | 2.6 | 2.3 | 2.6 | 2.8 | 2.3 | 2.2 | 2.2 | 2.1 |
| United Kingdom | 3.7 | 1.6 | 1.3 | 0.9 | 1.2 | 1.3 | 1.4 | 1.3 | 2.0 | 2.3 | 2.3 |
| Spain | 4.8 | 1.8 | 2.2 | 3.5 | 2.8 | 3.6 | 3.1 | 3.1 | 3.4 | 3.6 | 2.6 |
| Eurozone | — | 1.1 | 1.1 | 2.1 | 2.4 | 2.3 | 2.1 | 2.1 | 2.2 | 2.2 | 2.0 |
| Developing Countries | 50.3 | 11.2 | 10.3 | 7.1 | 6.7 | 5.8 | 5.8 | 5.6 | 5.4 | 5.3 | 5.4 |
| Africa | 28.2 | 9.2 | 11.8 | 13.5 | 12.5 | 9.7 | 10.6 | 7.9 | 8.4 | 9.5 | 10.7 |
| Asia | 9.7 | 7.8 | 2.5 | 1.8 | 2.7 | 2.0 | 2.5 | 4.1 | 3.6 | 4.0 | 3.9 |
| China | 9.4 | –0.8 | –1.4 | 0.4 | 0.7 | –0.8 | 1.2 | 3.9 | 1.8 | 1.5 | 2.2 |
| Latin America | 134.2 | 9.0 | 8.3 | 7.6 | 6.1 | 8.9 | 10.6 | 6.5 | 6.3 | 5.4 | 5.2 |
| Central and Eastern Europe | 63.5 | 33.7 | 23.7 | 23.1 | 19.7 | 14.9 | 8.3 | 6.1 | 4.8 | 5.0 | 4.8 |
| Russia | –19.0 | 27.7 | 85.7 | 20.8 | 21.5 | 15.8 | 13.7 | 10.9 | 12.7 | 9.7 | 8.1 |
| **Unemployment (rate)** | | | | | | | | | | | |
| Advanced countries* | 6.7 | 6.6 | 6.3 | 5.7 | 5.8 | 6.3 | 6.5 | 6.3 | 6.0 | 5.5 | 5.4 |
| United States | 5.9 | 4.5 | 4.2 | 4.0 | 4.7 | 5.8 | 6.0 | 5.5 | 5.1 | 4.6 | 4.8 |
| Japan | 2.8 | 4.1 | 4.7 | 4.7 | 5.0 | 5.4 | 5.3 | 4.7 | 4.4 | 4.1 | 4.0 |
| Canada | 9.6 | 8.3 | 7.6 | 6.8 | 7.2 | 7.6 | 7.6 | 7.2 | 6.8 | 6.3 | 6.2 |
| European Union** | — | — | — | 8.6 | 8.4 | 8.8 | 9.0 | 9.0 | 8.7 | 7.9 | 7.2 |
| Germany | 7.0 | 8.1 | 7.5 | 6.9 | 6.9 | 7.7 | 8.8 | 9.2 | 9.1 | 8.1 | 7.8 |
| France | 10.6 | 11.1 | 10.5 | 9.1 | 8.4 | 8.7 | 9.4 | 9.6 | 9.7 | 9.0 | 8.3 |
| Italy | 10.1 | 11.4 | 10.9 | 10.1 | 9.1 | 8.6 | 8.4 | 8.0 | 7.7 | 6.8 | 6.8 |
| United Kingdom | 8.3 | 6.3 | 6.0 | 5.5 | 5.1 | 5.2 | 5.0 | 4.8 | 4.8 | 5.4 | 5.3 |
| Spain | 19.9 | 18.6 | 15.6 | 13.9 | 10.6 | 11.5 | 11.5 | 11.0 | 9.2 | 8.5 | 7.8 |
| Eurozone | — | 10.0 | 9.0 | 8.1 | 7.8 | 8.2 | 8.7 | 8.8 | 8.6 | 7.7 | 7.3 |

(p) Forecast.
Note: The International Monetary Fund figures do not always agree with the official figures from each country.
* Since April of 1997 the IMF has included South Korea, Hong Kong, Israel, Singapore and Taiwan in the advanced countries. Previously these were classified among the developing countries.
** Data from the European Commission's Economic Forecasts, Spring 2006.

Source: IMF, *World Economic Outlook,* April 2007.

## ENERGY DEPENDENCE OF THE EUROPEAN UNION IN 2005

(Imports/consumption of primary energy sources in percentage terms)




Source: Eurostat.

## MACROECONOMIC TABLE, 2002-2006 (Year-on-year variation)

| Items | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|
| **GDP and aggregates of demand** | | | | | |
| Gross Domestic Product | 2.7 | 3.0 | 3.2 | 3.5 | 3.9 |
| Final consumption | 3.2 | 3.3 | 4.7 | 4.3 | 3.9 |
| — Households | 2.8 | 2.8 | 4.2 | 4.2 | 3.7 |
| — Public administration | 4.5 | 4.8 | 6.3 | 4.8 | 4.4 |
| Gross fixed capital formation | 3.4 | 5.9 | 5.0 | 7.0 | 6.3 |
| — Equipment | –2.8 | 4.2 | 4.4 | 9.0 | 9.7 |
| — Construction | 6.3 | 6.2 | 5.5 | 6.0 | 5.9 |
| Export of goods and services | 2.0 | 3.7 | 4.1 | 1.5 | 6.2 |
| Import of goods and services | 3.7 | 6.2 | 9.6 | 7.0 | 8.4 |
| Domestic demand (1) | 3.3 | 3.8 | 4.9 | 5.2 | 4.9 |
| Foreign demand (1) | –0.6 | –0.8 | –1.7 | –1.7 | –1.0 |
| **Prices and costs** | | | | | |
| GDP deflator | 4.3 | 4.1 | 4.0 | 4.1 | 3.8 |
| CPI (annual average) | 3.5 | 3.0 | 3.0 | 3.4 | 3.5 |
| CPI (December) | 4.0 | 2.6 | 3.2 | 3.7 | 2.7 |
| Unit labour costs | 2.9 | 3.0 | 2.5 | 2.2 | 2.7 |
| **Labour Market** | | | | | |
| Variation in employment | 3.0 | 4.0 | 3.9 | 5.6 | 4.1 |
| Unemployment rate | 11.5 | 11.5 | 11.0 | 9.2 | 8.5 |
| Variation in productivity (2) | — | — | 0.6 | 0.4 | 0.8 |
| **Foreign trade** (as % of GDP) | | | | | |
| Trade balance (goods and services) | –2.1 | –2.4 | –4.0 | –5.4 | –6.2 |
| Need for financing the economy | 2.7 | 2.9 | 4.8 | 6.5 | 7.8 |
| **Need for financing public admin.** (in % of GDP) | –0.3 | 0.0 | –0.2 | 1.1 | 1.8 |
| *Pro Annual Report* | | | | | |
| Nominal GDP (mn euros) | 729,531 | 782,531 | 840,106 | 905,455 | 976,189 |

(1) Contribution to GDP growth.

(2) GAV per worker in employment (corredted series and post equivalent to full time).

Source: INE (Spanish National Statistics Institute) and Ministry of Economy and Public Finance.

## ECONOMIC ACTIVITY BY SECTORS, 2005-2006

(Rates of year-on-year variation in real terms, corrected data)

| Years | Quarters | Agriculture and Fisheries | Energy | Industry | Construction | Services |
|---|---|---|---|---|---|---|
| 2005 | Q1 | –14.1 | 3.6 | 0.1 | 5.3 | 4.5 |
| | Q2 | –10.6 | 3.4 | –0.3 | 5.4 | 4.7 |
| | Q3 | –9.2 | 3.9 | 0.5 | 5.7 | 4.3 |
| | Q4 | –6.2 | 4.3 | 0.7 | 5.3 | 4.1 |
| | **Average** | **–10.0** | **3.8** | **0.3** | **5.4** | **4.4** |
| 2006 | Q1 | –3.2 | 3.2 | 1.9 | 5.3 | 3.9 |
| | Q2 | 0.1 | 3.2 | 2.8 | 5.0 | 3.5 |
| | Q3 | –0.5 | 3.9 | 4.0 | 5.8 | 3.3 |
| | Q4 | 4.3 | –2.1 | 4.4 | 5.0 | 3.5 |
| | **Average** | **0.3** | **2.0** | **3.3** | **5.3** | **3.6** |

Source: INE, *Contabilidad Nacional Trimestral de España (Spanish National Quarterly Accounts).*

## FOREIGN GOODS TRADE, 1995-2006 (Billion euros and percentages)

| Sectors and Areas | 2006 | | | | | Rate of variation 2006/2005 | | Rate of coverage X/M (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Exports | | Imports | | Balance | | | | | |
| | Value | % Total | Value | % Total | Value | X | M | 1995 | 2000 | 2006 |
| Food | 23.1 | 13.6 | 21.7 | 8.4 | 1.3 | 5.5 | 1.1 | 89.1 | 109.8 | 106.2 |
| Energy products | 7.9 | 4.6 | 40.5 | 15.6 | –32.6 | 17.0 | 23.8 | 20.1 | 22.4 | 19.5 |
| Raw materials | 3.4 | 2.0 | 9.5 | 3.7 | –6.1 | 18.0 | 29.4 | 36.7 | 43.5 | 35.9 |
| Semi-manufactured goods | 42.8 | 25.2 | 54.0 | 20.8 | –11.2 | 13.1 | 11.8 | 76.3 | 79.2 | 79.3 |
| Semi-manufactured non-chemical | 21.2 | 12.5 | 23.6 | 9.1 | –2.4 | 19.0 | 20.6 | 100.7 | 96.9 | 89.9 |
| Nonferrous metals | 3.8 | 2.2 | 4.5 | 1.7 | –0.8 | 55.0 | 46.2 | 77.5 | 71.6 | 83.3 |
| Iron and steel | 6.6 | 3.9 | 9.6 | 3.7 | –3.0 | 16.7 | 23.4 | 98.0 | 81.4 | 69.1 |
| Chemical products | 21.5 | 12.7 | 30.3 | 11.7 | –8.8 | 7.8 | 5.7 | 57.0 | 66.0 | 71.0 |
| Plastics | 6.3 | 3.7 | 8.2 | 3.2 | –1.8 | 10.8 | 10.1 | 69.6 | 80.2 | 77.5 |
| Medicines | 6.0 | 3.5 | 7.6 | 2.9 | –1.6 | 10.5 | 5.2 | 53.7 | 57.0 | 78.5 |
| Capital goods | 37.5 | 22.1 | 61.3 | 23.6 | –23.8 | 11.3 | 7.2 | 69.1 | 60.2 | 61.1 |
| Machinery for industry | 8.8 | 5.2 | 16.4 | 6.3 | –7.5 | 10.7 | 3.0 | 63.7 | 54.5 | 54.1 |
| Office and telecommunications equipment | 3.2 | 1.9 | 15.7 | 6.0 | –12.4 | –14.9 | 10.9 | 45.6 | 34.4 | 20.6 |
| Transport material | 12.5 | 7.3 | 10.3 | 3.9 | 2.2 | 21.0 | 4.0 | 142.7 | 95.3 | 121.5 |
| Automobile sector | 31.9 | 18.8 | 37.9 | 14.6 | –6.0 | 3.6 | 8.1 | 133.4 | 100.9 | 84.2 |
| Cars and motor bikes | 20.3 | 12.0 | 20.8 | 8.0 | –0.4 | 1.5 | 4.8 | 246.1 | 147.6 | 98.0 |
| Automobile components | 11.5 | 6.8 | 17.1 | 6.6 | –5.6 | 7.6 | 12.5 | 57.5 | 57.7 | 67.5 |
| Durable consumer goods | 5.7 | 3.3 | 8.1 | 3.1 | –2.4 | 12.4 | 12.7 | 93.6 | 92.4 | 70.2 |
| Consumer electronics | 2.6 | 1.5 | 3.1 | 1.2 | –0.5 | 44.2 | 23.0 | 63.9 | 73.1 | 82.5 |
| Furniture | 1.5 | 0.9 | 2.3 | 0.9 | –0.9 | –2.6 | 6.8 | 200.3 | 153.8 | 63.1 |
| Consumer manufactured goods | 14.5 | 8.6 | 25.1 | 9.7 | –10.6 | 5.7 | 12.7 | 85.4 | 80.5 | 57.8 |
| Textiles | 7.6 | 4.5 | 13.7 | 5.3 | –6.1 | 10.3 | 17.3 | 66.0 | 68.9 | 55.5 |
| Tailoring | 4.2 | 2.5 | 9.6 | 3.7 | –5.4 | 18.7 | 24.3 | 42.2 | 52.9 | 43.9 |
| Footwear | 1.8 | 1.1 | 1.7 | 0.7 | 0.1 | 4.8 | 16.9 | 465.7 | 279.6 | 105.8 |
| Toys | 0.7 | 0.4 | 1.7 | 0.7 | –1.0 | –5.8 | 1.3 | 63.5 | 53.2 | 39.6 |
| **Total** | **169.9** | **100.0** | **259.6** | **100.0** | **–89.7** | **9.6** | **11.4** | **80.3** | **73.3** | **65.4** |

X: Exports.
M: Imports.
Note: The rate of variation for 2006/2005 is calculated with conclusive data for 2005.

Source: Ministry of Industry, Tourism and Trade

## FINANCIAL BALANCE, 2005-2006 (Millon euros)

| Items | 2005 | | | 2006 | | |
|---|---|---|---|---|---|---|
| | Variation liabilities | Variation assets | Balance | Variation liabilities | Variation assets | Balance |
| Financial statement | — | — | 59,551.6 | — | — | 83,211.0 |
| Excluding Bank of Spain | — | — | 61,812.4 | — | — | 109,026.2 |
| Direct investments | — | — | –12,692.5 | — | — | –47,846.7 |
| From Spain abroad | — | 31,177.0 | –31,177.0 | — | 61,437.3 | –61,437.3 |
| From abroad in Spain (1) | 18,484.4 | — | 18,484.4 | 13,590.6 | — | 13,590.6 |
| Portfolio investments | — | — | 57,890.3 | — | — | 185,847.0 |
| By Spain abroad | — | 78,714.2 | –78,714.2 | — | –1,665.6 | 1,665.6 |
| Foreign inv. in Spain (2) | 136,604.5 | — | 136,604.5 | 184,181.4 | — | 184,181.4 |
| Other Investments (3) | — | — | 16,598.9 | — | — | –30,675.1 |
| By Spain abroad | — | 46,258.2 | –46,258.2 | — | 64,805.1 | –64,805.1 |
| Foreign inv. in Spain | 62,857.1 | — | 62,857.1 | 34,130.0 | — | 34,130.0 |
| Financial derivatives | — | — | 15.8 | — | — | 1,701.0 |
| Bank of Spain (4) | — | — | –2,260.8 | — | — | –25,815.2 |
| Reserves | — | — | 1,439.3 | — | — | –480.4 |
| B. Spain's assets v. Eurosystem | — | — | 14,855.0 | — | — | –12,327.0 |
| Other net assets | — | — | –18,555.1 | — | — | –13,007.8 |
| Errors and omissions | — | — | –895.7 | — | — | –3,343.2 |

(1) This does not include direct investments in quoted shares; includes portfolio investments in unquoted shares.
(2) Includes direct investments in quoted shares; does not include portfolio investments in unquoted shares.
(3) Includes mainly loans, repos and deposits.
(4) A negative (positive) sign indicates an increase (decrease) in the Bank of Spain's assets abroad.

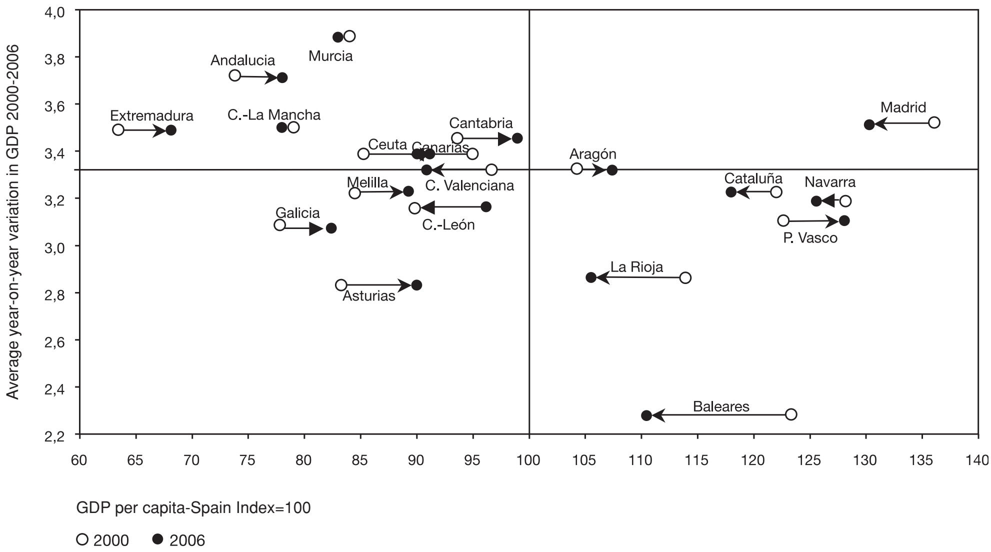
Source: Bank of Spain.

## RECENT EVOLUTION OF THE MAN INDICATORS OF THE SPANISH R&D&i SYSTEM

| Indicators | Reference data | | Latest data | |
|---|---|---|---|---|
| **Expenditure on R&D** | | Year | | Year |
| Cost R+D/GDP (%) | 0.99 | 2000 | 1.13 | 2005 |
| Cost R+D paid by companies (% of total) | 53.7 | 2000 | 53.8 | 2005 |
| Cost R+D financed by companies (% of total) | 43.4 | 2000 | 46.3 | 2005 |
| Cost R+D/researcher (€) | 74,600 | 2000 | 92,900 | 2005 |
| Cost R+D in Catalonia and Madrid (% of total) | 53.1 | 2000 | 51.2 | 2005 |
| Return on the EU R+D Framework Programmes (as %) | 6.4 | 98-02 | 6.2 | 02-06 |
| Public expenditure on military R&D (% budget R&D) | 41.2 | 2000 | 19.6 | 2007 |
| **Human resources in R&D** | | | | |
| Personnel in R&D activities/working population (‰) | 6.8 | 2000 | 9.0 | 2004 |
| Researchers/working population (‰) | 4.3 | 2000 | 5.6 | 2004 |
| N.º of companies undertaking R&D | 2,790 | 2001 | 10,953 | 2005 |
| Staff in activities of R&D in companies (% of total R&D staff) | 39.0 | 2000 | 43.1 | 2005 |
| Researchers in companies (% of total researchers) | 27.2 | 2000 | 31.9 | 2005 |
| Undertaking PhDs in engineering and technology areas (% of total doing PhDs) | 10.3 | 2000 | 13.7 | 2005 |
| Doctoral theses in engineering areas and technology (% of total theses) | 11.6 | 2000 | 12.3 | 2004 |
| ***Women*** | | | | |
| Women in R&D activities (%) | 35.8 | 2001 | 37.7 | 2005 |
| Women in activities of R&D in companies (%) | 19.5 | 2001 | 27.6 | 2005 |
| Women doing PhDs in engineering and technology areas (%) | 25.5 | 2001 | 27.4 | 2005 |
| Doctoral theses by women in engineering and technology areas (%) | 26.5 | 2001 | 28.3 | 2004 |
| **Innovation** | | | | |
| Innovating companies (% of total) | 19.4 | 2003 | 27.0 | 2005 |
| Innovating companies that undertake R&D (%) | 31.8 | 2003 | 32.7 | 2005 |
| Intensity (Expenditure on innovation/turnover as %) | 0.9 | 2003 | 0.8 | 2005 |
| New or improved products (% of turnover) | 7.9 | 2003 | 15.6 | 2005 |
| **Results** | | | | |
| Scientific production (publications as % of world production) | 2.5 | 2000 | 2.9 | 2005 |
| Patents granted with effects in Spain | 13,334 | 2000 | 21,105 | 2005 |
| European patents of Spanish origin granted | 125 | 2000 | 321 | 2005 |
| High technology production (% of industrial production) | 3.2 | 2000 | 2.4 | 2004 |
| High technology exports (% of total exports) | 5.1 | 2000 | 5.8 | 2004 |
| Rate of coverage of high technology in foreign trade (X/M as %) | 38.4 | 2000 | 39.5 | 2004 |

Source: Ministry of Education and Science. *Indicadores del sistema español de ciencia y tecnología, 2005 (Indicators from the Spanish system of science and technology, 2005)*. INE. *Estadística sobre actividades de I+D, Encuesta sobre innovación tecnológica de las empresas* e *Indicadores de Alta Tecnología (Statistics on R&D activities, Survey on technological innovation in companies* and *High Technology Indicators)*. Spanish Office of Patents and Trademarcks. *Avance estadísticas de propiedad intelectual, 2005 (Statistical preview of intellectual property, 2005)*. Ministry of Economy and Public Finance. *Presupuestos Generales del Estado*, varios años *(General State Budgets,* several years).

## GDP PER CAPITA AND YEAR-ON-YEAR GDP GROWTH FOR THE SPANISH REGIONS, 2000-2006




Note: The overall growth rate for Spain was 3.32%.

Source: INE, *Contabilidad Regional de España (Regional Accounting for Spain).*

## SUMMARY OF CHAPTER II: LABOUR MARKET, EMPLOYMENT POLICY AND LABOUR RELATIONS

### 1. Labour market and employment policy

*European perspective: evolution, objectives and debates*

The high increase in GDP in the European Union in 2006 has allowed overall employment to grow more than in 2005, with over three and a half million more people in work. In this context, progress has been made towards compliance with the objectives of the European Employment Strategy (EES), although still at a slower rate than desired. All the countries have accelerated their rate of job growth, with Spain among the leaders. The unemployment rate in the European Union stood at 7.9%, almost 1% down on the previous year, although great differences are observed between Member States. Spain was slightly above the EU average with a fall of over 0.5%.

The first year of the National Reform Programmes (NRP) shows a positive balance, although still insufficient. In Spain the evolution of employment has enabled the country to continue to reduce the differential with the EU-25 countries and continue its progress towards compliance of the objectives of the EES, despite the fact that the rate of convergence with the EU average in the female employment rate and that of people over 55 years of age was lower than in the previous year.

Among the strong points of the Spanish NRP, the European Commission highlighted the progress made towards the objective for female employment. Among the weak points, it underlines the slight progress made in education and training. The high rate of young people between 18-24 years of age leaving education early is a factor of concern, as is the low proportion of 20-24 year-olds who have finished secondary education. It recommends reversing these trends and increasing qualification levels with a view to improving productivity in the Spanish labour market.

In relation to employment the updating of the NRP is considered positive by the social partners, although this acceptance is qualified. They are concerned about the evolution of productivity, stress the need to improve education and training, and point out that their participation in the review, monitoring and updating of the NRP has been slight.

The common thread of the European debate on employment continues to consist of attracting more people to the labour market, and that jobs created should be of quality and enable the productivity of the European economy to improve to compete better in world markets. In 2006 this debate particularly focused on how to combine flexibility and security, and also on the role of mobility in achieving these objectives.

The discussion on the role of employment legislation and policy, and its effect on the labour market, has revolved around the Green Paper on the modernisation of labour law presented by the Commission, which is designed to lead to a new EU communication in mid-2007. However, the debate on the best combination of policies to provide flexibility and security is not closed, due to the complexity and controversy that these issues create and to their importance beyond the scope of the labour market.

As regards labour mobility in the European Union, the core theme of 2006 as it was declared “European Year of Workers’ Mobility”, there are still major barriers despite theoretical support for the possibility of moving to find better training and employment opportunities. As a result, geographic mobility to improve the employability and adaptability of the labour force in the EU (in line with the EES) continues to be a major challenge that requires the elimination of existing legal and administrative barriers. Also required is a series of measures that affect and combine employment and education/training policies with housing and social integration policies.

*Overview of the employment situation in Spain*

In 2006 an average of 19.8 million people were in employment, 774,000 more than in 2005, i.e. growth of 4.1% and 1.3% up in terms of the employment rate. The increase is lower than in 2005 although it clearly beats the rates obtained since 2001.

The average number of unemployed people in 2006 was 1.8 million, 75,000 less than in 2005. This drop of 0.6% in the unemployment rate was clearly lower than in the previous year, both due to a slightly lower rate of creation of employment and to a greater increase in the active population.

Once again, the immigrant population (defined as people of foreign nationality from countries outside the EU-25) made a dynamic contribution to job creation. There were 195,200 more male immigrant workers than in 2005, who accounted for 55.2% of the increase in male employment. Among women, the figure was 40.3%, with 169,600 more immigrant women employed than in the previous year. This does not prevent us, however, from highlighting the favourable evolution of the labour market for Spanish women too. Between 1996 and 2006 employment grew overall by over 5 million people, almost three million of these being women and in 75% of the cases, Spanish women.

Unemployment fell by about almost the same rate in each sex in 2006, so the closing of the gap (favourable to men) did not happen during the year. The gap between sexes continues to be very wide among younger people (who are bearing much higher unemployment rates) than in the intermediate age range. It is not an exaggeration, therefore, to state that the problem of unemployment in Spain is of a female nature. This is also the case in the number of people, despite the fact that the differences are less in these terms: three out of every five unemployed persons in 2006 were women.

The greater part of the increase in employment in 2006 took place in the private sector; the number increased by around 690,000 people, i.e. 5.4% up on the previous year. The number of employees in the public sector grew very little: 18,000 people (0.6%). We would highlight the growth in the sector that the Labour Force Survey (LFS) calls “employers”. The number increased by 10.3% (annual average) on the previous year, i.e. 100,000 more people.

As for the type of contract, there was a slight fall in 2006 in the proportion of part-time work over the total from 12.4 to 12%. The percentage fell by one point (to 23.2%) among women. The figures for 2006 illustrate that part-time work in Spain is not necessarily linked to families’ efforts to conciliate work and family life. Improving the use of part-time work would require exploring the possibilities for its application in sectors and occupations where it is still rather infrequent, finding out the reasons that underlie its higher level of temporary employment, and finally examining the job offers that have the potential to attract people who are currently inactive but who would be willing to work part-time.

Within salaried employment, the annual average of people in temporary employment was above 5.5 million, almost 348,000 more than in 2005. The temporary employment rate rose by 0.7% to 34%. It is clear that the trend in the private sector of the economy in this respect continued to be less unfavourable than in the public sector. In 2006, temporary employment in the private sector rose by 0.5% and 1.2% in the public sector. Furthermore, indefinite employment only grew in the private sector; indeed, the level fell in the public sector.

Personal profiles of temporary employment in 2006 do not show major changes to the situation described in previous editions of this Report: it is very high in young people of both sexes and significantly higher in women than in men after 30-39 years of age. Temporary work is also much higher among immigrants, with 62% in the private sector against 30.9% for Spanish people. The figures also show that temporary employment had fallen among Spanish nationals in 2006, although only slightly (an average of 0.2% less than in 2005), while it would have grown by almost 1% among people from outside the EU-25. A simple calculation shows that the second group would have accounted for 67% of the increase in temporary employment in the private sector in 2006, which backs up the claim made in the previous edition of this

Report regarding the close link between the upturn in temporary employment and the higher immigrant population in the Spanish labour market.

*Objective: to improve quality*

Specifically within this scenario of an upturn in temporary employment, after a long process of social dialogue the Agreement for Better Growth and Employment (‘AMCE’ in Spanish) was signed in May 2006. One of its core objectives is achieving greater stability in employment. To this end, one can distinguish two main areas of measures in Law 43/2006, which is the main regulatory representation of the AMCE. The first area is aimed at promoting indefinite, initial and conversion of temporary job contracts, and does not modify the basic tenets of the policy of promoting stable employment that has been in effect since 1997. What it does is intensify them, both by reviewing their maximum duration (for the conversion of temporary contracts into indefinite ones) and extending the incentives to certain social groups, while also extending the duration of social security credits. The second area introduces new measures to limit the successive use of temporary contracts, including more resources for the Labour Inspectorate and the participation of the social partners in the definition of objectives and programmes under the Law.

With this new approach, the results of the second half of 2006 show a very positive impact in terms of the number of indefinite contracts, especially the ‘conversion’ contracts. It would be premature, however, to predict (not even in the short term) the effect of the measures in the Law to bring about an increase in stable employment. Over the next few years the changing trend in temporary employment in the private sector should consolidate itself, and it is likely that the figures for indefinite employment will be even better than expected. We should point out, however, that if the public sector continues the current trend it will act as a brake on this process, although things are also likely to change here as the new initiatives begin to take effect, and even more so following the approval of the Basic Statute for Public Employees. Likewise, in future evaluations of the process it will be necessary to take into account that, in contrast to the results from the 1997-2000 period, the current evolution could be much slower if the present rate of incorporation of foreigners into the Spanish labour market is maintained.

*Instruments of employment policy: evolution and results*

We would point out that the objective of the AMCE is to improve quality of employment, productivity and the competitiveness of the economy, plus social and territorial cohesion. For this reason, the Agreement stated the need to strengthen the Public Employment Services (SPEs) even more to improve their efficiency and increase their level of involvement, and also to focus their actions on personalised and preventive attention to unemployment. Nevertheless, the content of the AMCE was certainly more ambitious than the previous legislation, because the expected objective of the Global Plan for the Modernisation of the State Public Employment system, i.e. that coordination with the Public Employment Services of the Regions would improve, disappeared in the passage of Law 43/2006 through Parliament. Thus, the highly necessary modernisation of the Public Employment Services seems to have been restricted, for the time being, to measures of internal, material and personnel rationalisation in the Public Service of State Employment (SPEE), which, although necessary, do not go as far as was originally hoped.

Progress has been made in 2006 on the preparation of legislation to put into effect the new system of training for employment that was agreed between the social partners at the start of the year, following the signature of the 4th National Agreement on Training and the Agreement on Vocational Training for Employment. The sub-system of vocational training remains regulated by Royal Decree (RD) 395/2007, and the process of completion of the National Catalogue of Professional Qualifications has been continued with a view to better identifying the qualifications and skills that training programmes should cover.

As regards the level of participation in these occupational vocational training initiatives and the level of insertion in the labour market, the provisional figures of the SPEE show that the number of trained applicants for jobs was 270,095 in 2005, of which 71.4% found a job in 2006. The insertion rate for men remains almost 5% above that for women, while the highest rates of insertion by age group are found in the 18-24 and 25-29 year-olds; the figure falls off at higher ages. By sector, construction continues to show the highest rates of insertion, followed by industry and, to a lesser extent, services.

Regarding continuing vocational training, training actions continued to grow in 2006 with an increase of 23% in the number of participants. The number of training companies grew by 44%, most of them being companies with less than 50 employees. The socio-demographic profile of the participants trained in 2006 has not changed significantly, with 70% in the 26-45 age group (mainly men); a third have completed secondary education and 41% are skilled workers. However, a slight increase in the number of women is observed, even though they only represent 42% of the total. As for the size of the companies, most participants are from companies with over 1,000 employees, although their role has diminished in favour of SMEs for the second year running. By sector, the largest number of participants has been concentrated in the service sector, followed by commerce and industry; these three sectors account for 75% of the participants trained.

The most important legislative changes in protection against unemployment in the year are due to the labour reform measures contained in Law 43/2006. Protection is improved for certain groups, including ‘permanent intermittent personnel’ *(personal fijo discontinuo)* and people over 45 without family responsibilities, and benefits are available (they were non-existent till now) for members of cooperatives when they finish their permanent employment relationship. Regulatory changes have also occurred regarding protection against unemployment of agricultural workers and a stable framework has been introduced for basic guaranteed income through the incorporation (of a permanent nature) of the Basic Guaranteed Income Programme into the Protection against Unemployment System. This means that the annual duration of this Programme since 2000 is no longer applicable.

The budget allocated to unemployment benefit in 2006 was 14,005,600 euros, 7.2% up on 2005, and by the end of the year 99.6% of it had been spent. The items that have shown a higher increase are contributory benefits and basic guaranteed income, while the budget allocated to the REASS[1] subsidy has been reduced once more.

[1] Régimen Especial Agrario de la Seguridad Social–Special National Insurance Regime for Agricultural Workers.

These benefits are received by 1,330,400 people. There has been an increase in the number of receivers of contributory benefits, income supplement and basic guaranteed income, which has offset a further fall in the number of seasonal agricultural workers. In this context, the gross and net coverage rates have grown faster throughout the year, due to the slowing down of the unemployment rate. By sector, the highest number of benefits continues to be paid in the service sector, while the territorial distribution of other beneficiaries has not changed over the last few years; the highest sums of benefits continue to be paid in Andalusia, Catalonia, Madrid and Valencia, although at a lower rate than in 2005.

*Territory in the EES: public plans and services for employment in the regions*

In the last five years the improvement in employment levels has been fairly similar in all the regions, and a certain convergence has been achieved. Nevertheless, the starting percentages were so different that the gradual convergence to the basic quantitative objectives set in the EES and the PNR does not rule out major territorial differences, both in overall and population group terms.

It is clear that the employment results in the regions point in the same direction for active labour market measures, but with different emphases in each case. The recent decentralisation of these policies could be a good opportunity to exploit the potential for better adaptation, provided that coordination in the general design and application of measures is maintained and that there is sufficient information for everyone involved to increase efficiency and give the measures the required consistency.

A quick review of the regional agreements that are currently in force highlights a high level of standardisation in terms of objectives. Their content can be organised around three main groups of measures: 1) promoting contracting, in its different modalities and by groups; 2) general measures, which set out to create employment (including local job creation initiatives, drivers of employment and local development and promotion of self-employment, among others); and 3) measures aimed at implementing active policies for employment and strengthening the role of the Public Employment Services (intermediation, training and orientation).

Regarding this last group of measures, all the agreements include actions related to vocational training (both occupational and continuing) on the basis of demand and the productive system that are specific to each region, plus measures aimed at strengthening and improving the way in which the Public Employment Services operate, increasing the quality of the service they provide and improving their agility and visibility. However, most of the regional Public Employment Services do not publish statistics on the budget per user for services provided, nor on any other quantitative measure, beyond the number of offices and their distribution.

Although progress has been made in improving the exchange of information, it is still difficult to find out the details of the initiatives carried out by the regional SPEs (which are different from those carried out by the SPEE), and the cost of each action at regional level with a breakdown of the budget from the funds of the regions, States and Europe. This lack of transparency makes it difficult to evaluate the overall efficiency of these measures/actions.

The information provided by regional employment ministries and the regional SPEs continues to be unequal, difficult to compare, and incomplete. As well as the lack of ordered information on the different programmes and actions carried out by each region one has to add the absence of systematic appraisals; there are no noteworthy evaluations after the one carried out in 2004. This is why it is necessary to consider mechanisms and systems of evaluation to better assess the implementation of employment policies at territorial level; this will allow them to be reorientated and readapted to the new realities of the labour market.

Basically, a review of employment policies, both at national and territorial level, shows (above all) the difficulties involved in compiling sufficient and systematic information on the work done in the field and, of course, to find out what level of performance has been achieved. This review is therefore limited, but it does draw one conclusion: the usefulness of having included the review and promotion of active policies among the objectives of the AMCE. Apart from the discussion on the mode to be adopted, it is clear that the reform of these active employment policies requires marking out the functions and roles of the different stakeholders involved, plus a major effort to coordinate the policies.

## 2. Social dialogue and labour relations

*Social dialogue*

Social dialogue, of a bipartite nature between employers and trade union organisations, or tripartite when governments come in, continued to be applied throughout 2006 through negotiation and (in some cases) the signature of new agreements, both on the European Community level and in Spain.

On a broader scale and in the context of the new economic, financial and productive context in the world the International Trade Union Federation (ITUF-CSI) was created in 2006, bringing together the main trade union organisations at world level, ICFTU and WCL, with a programme for the promotion of decent working conditions, basic labour rights and social, economic and environmentally sustainable rights, among others.

*Social dialogue in the European Union*

Following the relaunch of the Lisbon Strategy, ETUC, UNICE, UEAPME and CEEP approved the Joint Working Programme for 2006-2008, which starts from a basic consensus on the Strategy among the social partners. The implementation of planned initiatives in key areas will mark the contribution of European employer and trade union organisations to the strategic objectives of growth and employment in the EU.

The last few years have seen a major increase in bipartite dialogue, which has taken the form of several different legal instruments such as a number of agreements negotiated under article 139 of the EC Treaty. In 2006 ETUC, UNICE, UEAPME and CEEP negotiated a Framework Agreement on harassment and violence in the workplace as part of the new Joint Working Programme. The new Agreement, signed in April 2007, contains a description of harassment and violence at work, aspects related to the prevention, identification and treatment of the problem, and the procedure to be following in its monitoring and application.

These organisations also presented an Initial Joint Evaluation Report on the Framework Agreement on teleworking dated July 2002, in which they report on the activities and instruments for application adopted in the Member States, mainly on the basis of collective autonomy. The Report reveals, through a variety of instruments, that the dissemination and application of the Agreement in the different Member States has been rather heterogeneous. Basic principles have been maintained, such as the voluntary nature of teleworking or the equal rights of teleworkers with the rest of the workforce, while other aspects contained in the Agreement have been specified or extended. As the Report highlights, however, it is not possible to evaluate the extent of implementation of teleworking during the validity period of the Agreement because up-to-date information is not available.

Within the framework of article 138 of the EC Treaty, in October 2006 the European Commission started the first stage of consultations with the social partners on the possible need for action at EU level in the area of the conciliation of working, private and family life.

European sectoral social dialogue has been very dynamic in recent years. In 2006 a major multi-sectoral agreement was signed for the first time on the protection of the safety and health of workers against hazards arising from crystalline silicon powder. The agreement aims to improve protection for over two million workers in the glass, cement and ceramics industries, among others. Furthermore, branch and industry federations of European employer and trade union organisations have agreed a large number of joint documents and initiatives over the last few years (including a number of agreements based on article 139 of the EC Treaty) on key issues such as continuing training and better recognition of qualifications, better safety and health in the workplace or the promotion of equal opportunities and the fight against discrimination in the workplace, among others.

*Social dialogue in Spain*

Following the agreements reached in previous years, with the signature of the Agreement for Better Growth and Employment (AMCE) and the Agreement on measures in the area of Social Security (National Insurance), the material content of the Declaration for Social dialogue 2004 was mainly complied with. These Agreements were the most complex and the longest in terms of issues and measures negotiated and, by extension, required drawn out and laborious negotiations. Their objectives justify this, because they are aimed at improving the functioning of the labour market by acting on its main imbalances such as a low employment rate and a high level of temporary workers, and to improve social protection by strengthening the equity, adaptation and prospects for balance of the Social Security system.

On 9 May 2006 the Government, the trade union organisations CCOO and UGT and the employer organisations CEOE and CEPYME signed the Agreement for Better Growth and Employment (AMCE). It mainly incorporated Royal Decree-Law 5/2006 and, after its passage through Parliament, Law 43/2006 (aimed at improving growth in employment). Through this pact the social partners and the Government returned to consensus as the instrument for adopting measures affecting the labour market.

The AMCE covered a wide range of internally coherent measures with a view to complying with the objectives of maintenance of job creation and reduction of temporary employment. It also incorporated measures that dealt with a growing demand for the decentralisation of production and the outsourcing of certain operations, the objective being that new ways of organising production should not be to the detriment of workers' rights. Furthermore, it took steps to strengthen solidarity mechanisms through better unemployment protection for certain groups and that provided by the Wage Guarantee Fund (FOGASA). Beyond these specific measures and their possible results, which will be evaluated by the Monitoring Committee created within the framework of the Declaration for Social Dialogue, the agreement represents an important show of confidence in the process of dialogue as a tool to drive forward measures to improve the functioning of the labour market, the competitiveness of companies and social cohesion in a balanced manner.

Another major step forward was the signature, by the most representative trade union and employers associations and the Government, of the Agreement on vocational training for employment in February 2006, together with the IV Agreement on vocational training signed by the same entities.

In the field of safety and health in the workplace, in which a major effort of dialogue and negotiation has been made in recent years, a series of important agreements was reached aimed at improving both preventive activities in companies and the detection, classification and recognition of occupational illnesses, one of the unresolved matters in occupational safety and health in Spain.

The Government and CCOO and UGT also agreed employment and social security measures to be contained in the Draft Organic Law for Effective Equality between Men and Women. The ESC issued a report on this legislative draft law in which it evaluated the benefits planned for different areas, and giving a favourable verdict on the aim of making the principle of equal treatment and opportunities effective from a comprehensive approach that involves public bodies and society as a whole, making them participants in the objective of preventing, eliminating and correcting all forms of discrimination for reasons of sex.

Throughout 2006 the Government carried out a process of consultation with the social partners on other issues of employment and labour relations such as the regulation of self-employed workers through a Statute of their own and the adaptation of the rights of information and consultation of workers' representatives in companies to Community Law. The ESC issued a report on this in which the transposition of Community Directives was generally considered to be correct.

In the field of Public Administration, the most important results of the dialogue between the Government and the trade unions was the signature of an Agreement (in June 2006) on the draft Basic Statute for Public Employees. The drawing up of a Basic Law in this area was a need that had been pointed out in successive legislatures in a context characterised by the transformation of the Administrations, decentralisation and the development of public services.

*Collective bargaining*

CCOO, UGT, CEOE and CEPYME agreed an extension for 2006 of the Inter-Confederation Agreement for Collective Bargaining (ANC) for 2005. This type of agreement has helped to maintain the growth of the Spanish economy, improving the purchasing power of wages/salaries in a context of restraint and maintaining and creating employment. Later on, in February 2007, the most representative employers and trade union organisations signed a new Interconfederal Agreement for Collective Bargaining for 2007.

Collective bargaining went on in a favourable economic context, characterised by the continued growth of the Spanish economy (+3.9%) –higher than the central economies of the European Union–, the positive evolution of employment (+4.1%) and a further reduction in unemployment (–8.5%).

Nevertheless, the context of negotiation was also characterised by the continuity of certain imbalances in the economy and the labour market, such as the persistence of high inflation in relative terms (2.7% YOY), the continuing trade deficit and the slow evolution of productivity; this was related, among other things, to a growing concentration of employment in low-skilled jobs, which could accentuate the duality of the labour market. There was also a high rate of temporary employment (an average of 34% in 2006), with the public sector showing a more unfavourable pattern, despite a major increase in indefinite contracts offered in the second half of 2006, largely due to the AMCE.

In the institutional area, the competencies of the National Advisory Committee on Collective Bargaining (CCNCC) were strengthened, reflecting a commitment in the Declaration for Social Dialogue. Law 43/2006 assigned the CCNCC the function of an observatory of collective bargaining, covering information, studies, documentation and the dissemination of the Committee's work. It is also expected that the Government will adapt its institutional legal framework.

*Evolution, structure and scope*

The number of collective agreements registered and affected companies and workers has increased almost continuously, in line with the growth of the economy and the considerable creation of employment in recent years. Provisional figures for 2006 indicate a similar level to 2005 in year-on-year terms for the same months, which makes it likely that the final figure will continue this upward trend. In recent months, the number of companies and (above all) workers affected also shows an upward trend, surpassing the year-on-year figures per month for 2005.

Over the last ten years the structure of collective bargaining has undergone certain trends in parallel with the evolution of employment in different sectors and branches. This probably also responds to transformations in the organisation of production and certain institutional changes. In terms of workers affected by different types of collective agreements, this evolution reflects a difference between the relative loss of weight of private sector collective agreements and those of the State sector. In contrast, there has been an increase in sectoral negotiation on a provincial and regional level, the latter mainly consisting of single-province collective agreements.

30.8% of the collective agreements with economic effect in 2006 were signed in that year, the rest being reviews of agreements signed in previous years. Among those signed, in 2006 the percentage of collective agreements agreed for one year increased, as did the percentage of workers affected by them.

Trade union representation in collective bargaining negotiations hardly changed, with a similar level of participation of the two most representative unions at national level, CCOO and UGT. Each of the two majority trade unions participated in the negotiation of two-thirds of the collective agreements signed in 2006, affecting almost all workers affected by collective bargaining.

*Wages/salaries and working hours*

In terms of wages/salaries, collective bargaining has continued a trend of moderate increases in recent years, to a large extent based on the recommendations made in successive Interconfederal Agreements for Collective Bargaining (ANC). The figures for 2006 indicate that this is largely being followed, the collective agreements signed this year showing initial increases of 3.25%, slightly above the level in the same period of 2005 (3.17%). This increase, however, rose to 3.56% through the application of wage/salary review clauses. This type of clause was present in 54.2% of the collective agreements and affected 76.1% of the workers covered by collective bargaining.

Due to the effect of these clauses the wage/salary increases finally agreed in collective agreements in 2006 were well below the figure for 2005 (a difference of almost 0.6%). This is the result of –as has been the trend– a slowing down of the Consumer Price Index (CPI) in 2006. Nevertheless, the final result in terms of the purchasing power of wages/salaries was more positive in 2006 than in 2005, with a 0.9% difference between the revised wage/salary increase and the CPI.

By sector, the highest increase was observed in agriculture, followed on this occasion by industry. There was a stronger slowing down of wage growth in the construction sector in comparison with 2005. By branch of production (and focusing on those that employ the largest numbers), the highest increases took place in the metal manufacture sector (3.99%), paper and graphic arts (3.87%), healthcare (3.87%), timber and cork (3.86%), clubs and societies (3.72%), and the wholesale trade (3.70%). In contrast, the branches in which lower wage/salary increases were agreed (among those that employ most workers) were Public Administrations (2.73%), financial institutions and insurance companies (2.97%) and auxiliary activities for transport and communication (3.02%). In general, the differences in wage increases per branch were lower than in 2005.

As regards working hours, provisional figures indicate that average working hours agreed in 2006 increased by almost five hours in collective agreements; this contrasts with previous years, although we should remember that these are provisional figures. In 2006 the figure was 1,755.8 hours/year, equivalent to 38.4 working hours per week. This figure was higher in sector negotiations (1,763 hours) than in company collective agreements (1,698.3 hours), although the greatest increase occurred in the second group.

These overall results involve different behaviours in sectors, continuing the trend set in recent years. So, while agriculture, industry and construction have seen a fall in the number of working hours agreed, the service sector has continued an upward trend, of more than 7 hours since 1996.

In comparison with average working hours in the collective agreements, effective working hours per worker (measured by the Work Situation Survey) fell by 9.7 hours in 2006; this reduction was greater among part-time workers.

*Flexibility clauses and equality and non-discrimination clauses*

We would also highlight other clauses contained in collective bargaining, such as those on employment and equal treatment and non-discrimination. The collective agreements of 2006 reflect the consolidation of the incorporation of flexibility (change of duties) clauses and, once more, an increase in their number in overall terms. In 2006, 46.3% of collective agreements, (affecting 60.8% of workers) included provisions for work of a different nature. Private sector collective agreements have shown a higher level of these clauses in percentage terms since 2002.

Furthermore, Law 14/2005 recovered the role of collective bargaining agreements in the establishment of obligatory retirement clauses, formulating employment objectives that could justify them in a more precise manner. The collective agreements of 2006 include these clauses in a similar proportion to the situation prior to Law 14/2005, with slight increases in the percentage of collective agreements and workers affected. A qualitative study of collective agreements in 2006 shows that they are fairly uniform in terms of guaranteeing the retirement rights of affected workers, together with major differences in the definition of employment objectives.

The fostering of equal treatment and opportunities and the fight against discrimination against workers are among the priority objectives in the dialogue between the trade unions and the employers, as is reflected in the ANC. The evolution of collective bargaining in this area shows an increasing incorporation of clauses on equality and non-discrimination between sexes into collective agreements, especially in recent years. This is true in both the percentage of collective agreements and, above, all, the number of workers affected, which has risen from 33 to 54% in the last five years.

By sector, the incorporation of clauses that promote equality and non-discrimination between men and women was higher in service sector collective agreements, reaching 22.1% of the total in 2006, and also in agriculture (20.5%). In terms of the number of workers affected, however, the highest percentages were in industry (64.2%) and services (58.4%) followed by agriculture (44.8%). For its part, the construction sector showed a relatively low percentage of this type of clauses.

The qualitative study on negotiation in 2006, based on a sample of 100 collective agreements corresponding to activities with a high component of female employment, allows us to observe some important characteristics:

– The vast majority of collective agreements studied deal, to a certain extent, with aspects related to the promotion of equality between men and women. This is very disparate, however, in terms of the depth with which the issues are covered and the kind of benefits included.

– What are predominant are clauses that declare the right to non-discrimination and equal treatment, due to certain circumstances, in the world of work. Specific measures to promote conciliation between working and family life are also increasingly present, both quantitatively and qualitatively. Greater emphasis is also being placed on aspects such as dealing with sexual harassment and, to a lesser extent, the application of measures to protect against gender violence in the workplace. Further behind, but also increasing in importance, is the creation of specialised joint committees to deal with the issue of equality. There are also quite a few collective agreements that clearly reflect the concern of the parties about aspects such as the use of non-sexist language.

– The State sectoral collective agreements analysed give more comprehensive coverage to this type of measure to fight against discrimination and promote equal treatment and opportunities between men and women, as well as in specific areas such as remuneration and vocational advancement. These, together with the collective agreements reached in large companies, are those that focus more strongly on conciliation rights and measures to facilitate comprehensive protection against gender violence. Once again, state sector collective agreements and those signed at provincial level are the ones that refer more to the creation of joint committees and clauses to favour the employment of disabled persons.

– Other kinds of measures such as positive action or equality plans hardly appear in the collective agreements analysed. Collective bargaining in 2007 and later years will be the right framework to analyse this type of instrument, regulated in the recent Organic Law 3/2007 on the effective equality of women and men. Its application will be analysed by the most representative trade union and employer associations in the Monitoring Commission for the 2007 Inter-Confederation Agreement for Collective Bargaining.

*Labour disputes*

Labour disputes continued to evolve within a trend of a gradual reduction in the number of strikes and the growth (also gradual) of disputes channelled through extrajudicial conflict resolution bodies and procedures, the Interconfederal Service of Mediation and Arbitration (SIMA) or the corresponding organs in the regions. Likewise, there was a gradual increase in the number of collective bargaining conflicts taken before the labour courts and a reduction in the level of conflicts dealt with through administrative channels.

In 2006 there were 664 strikes, five fewer than in 2005, although the number of participants rose by more than 30%. Despite this, the number of days not worked fell by around 10% as a result of the lower level of long-term conflicts. By sector, services accounted for 40% of the participants and 50% of the days not worked. Industry had 25% of participants in strikes, accounting for 27% of days not worked. We would highlight the almost total absence of conflicts in the agricultural sector and a considerable increase in the number of strikes in the construction sector.

*New developments in the legislative framework of labour relations*

Following extensive debate, Organic Law 3/2007 on effective equality between women and men was approved on 22 March 2007. Among other objectives, it incorporated European Directives on equal treatment for men and women into Spanish law. The Law is based both on the prevention of discriminatory behaviour and the setting up of active policies to make the principle of equality effective, understood in its across-the-board sense and, therefore, aimed at different areas of social, cultural and political life. An important feature of the Law is the principle of 'balanced composition'. Another specific area it particularly covers is of labour rights and relations, with key points in the form of the inclusion of improvements in the training and employability of women and their continuity in the labour market as priority objectives of employment policy.

In 2006 new legislative instruments were also passed in the area of subcontracting and secondment of workers. On one hand, Law 43/2006 reformed (among others) articles 42 (subcontracting of works and services), 43 (secondment of workers) and 81 (premises and notice boards) of the Statute of Workers' Rights. The reform has focused on the search for greater transparency of information in subcontracting and greater scope for action by workers' representatives in all the companies involved.

Subcontracting was also regulated in Law 32/2006, a sectoral regulation exclusively covering subcontracting in the construction sector. This Law establishes a triple guarantee: 1) the need to comply with certain conditions in the subcontracting regime; 2) quality and solvency requirements for companies that will operate in this sector; and 3) the regulation of new mechanisms for transparency in construction projects.

On the level of collective rights, the involvement of workers in public limited companies and European cooperative societies was also regulated, thereby transposing the relevant Community Directives through Law 31/2006. This Law has introduced new instruments that provide workers' representatives with mechanisms and procedures for the defence of socio-labour interests that could be affected by business decisions of new European public limited companies, in the context of situations arising from competitiveness in the Single European Market and the world economy.

There are also two new special features: residence arrangements for the training of specialists in health sciences and lawyers who work in (individual or collective) lawyer's offices. Other regulations were also approved on the legal status of certain groups, such as research personnel receiving training and foreign aid workers.

Finally, in 2006 the reforms to the Statutes of Autonomy of the regions of Valencia and Catalonia were approved. In early 2007 the reforms of the Statute of Autonomy of the Balearic Islands and those of Andalusia and Aragon will also be approved. These reforms will incorporate a wide range of new features, including the socio-labour area.

*Prevention of workplace hazards*

Within the framework of the European Union, the balance of the Community Strategy for 2002-2006 has highlighted the fact that Member States have made great progress in terms of drawing up strategies and more selective action programmes. Between 2000 and 2004 the fatal work accident rate in EU-15 countries fell by 17%, and accidents at work that led to absences of over 3 days fell by 20%. Nevertheless, the European Commission has also pointed out that the fall in work accidents has not been uniform across categories of workers and types of companies. The Community Strategy for Safety and Health in the Workplace for 2007-2012 has proposed a reduction of 25% in accidents at work in the EU-27 countries as an overall objective.

In Spain, the social partners signed important agreements on occupational health in 2006 and have continued with the preparatory work for the Spanish Strategy for Safety and Health in the Workplace for the next few years. There have also been new and important legislative and institutional advances in the field of prevention of occupational hazards. This is the result of dialogue between employers and trade union organisations and the Administration, e.g. a reform of the regulations on prevention services and a new list of occupational illnesses/diseases, plus a reform of the procedure for their notification and administrative processing.

The figures for 2006 show an increase in the number of accidents, but also a reduction in the incidence and seriousness of accidents at work in Spain. There were 1.7 million work accidents, 3.3% up on the previous year, but this is lower than the increase in the number of workers contributing to the social security system, which rose by 4.6% to over 15.5 million. The incidence rate of accidents fell by 1.3% overall, a reduction that was particularly notable in serious accidents (–13.2%) and fatal accidents (–4.5%) in comparison with 2005.

We would highlight the fall in the incidence rate in the construction and service sectors. In the former, the total rate fell by 3.6%, with a major drop in serious and fatal accidents. In services, the total rate fell by 2.3%, with a notable reduction in serious accidents and a slight fall in fatal accidents. In contrast, the rates in agriculture and industry increased by 1.2% against 2005. Nevertheless, the former saw a fall in the rate of serious and fatal accidents. In industry, although there was an increase in the level of serious accidents the fatal accident rate fell slightly.

## INDICATORS OF EMPLOYMENT IN SPAIN AND THE EU-25, 2005-2006 (Percentages)

| Indicators[1] | Spain | | EU-25 | | EU-25 average 3 best | | Difference Spain/EU-25 | | Difference Spain-average 3 best | | Objectives 2010[2] | | Difference in 2006 against 2010 objectives | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | Spain | EU-25 | Spain | EU-25 |
| **Employment** | | | | | | | | | | | | | | |
| Employment rate | 63.3 | 64.8 | 63.8 | 64.7 | 73.9 | 74.9 | –0.5 | 0.1 | –10.6 | –10.1 | 66.0 | 70.0 | –1.2 | –5.3 |
| Female employment rate | 51.2 | 53.2 | 56.3 | 57.3 | 69.6 | 70.6 | –5.1 | –4.1 | –18.4 | –17.4 | 57.0 | 60.0 | –3.8 | –2.7 |
| Employment rate persons over 55 | 43.1 | 44.1 | 42.5 | 43.6 | 61.9 | 62.9 | 0.6 | 0.5 | –18.8 | –18.8 | — | 50.0 | — | –6.4 |
| **Unemployment** | | | | | | | | | | | | | | |
| Unemployment rate | 9.2 | 8.5 | 8.7 | 7.9 | 4.5 | 4.1 | 0.5 | 0.6 | 4.7 | 4.4 | — | — | — | — |
| Female unemployment rate | 12.2 | 11.6 | 9.8 | 9.0 | 4.5 | 4.3 | 2.4 | 2.6 | 7.7 | 7.3 | — | — | — | — |
| Young people unemployment rate (% active population 15-24 years) | 19.7 | 17.9 | 18.5 | 17.3 | 8.5 | 7.6 | 1.2 | 0.6 | 11.2 | 10.3 | 18.6 | — | –0.7 | — |
| Young people unemployment rate (% population 15-24 years) | 9.7 | 8.8 | 8.3 | 7.6 | 4.1 | 3.0 | 1.4 | 1.2 | 5.6 | 5.8 | — | — | — | — |
| Long-term unemployment (% on total unemployment) | 24.5 | 21.7 | 45.0 | 44.9 | 20.1 | 18.4 | –20.5 | –23.2 | 4.4 | 3.3 | — | — | — | — |
| **Real growth in GDP** | **3.5** | **3.9** | **1.7** | **2.9** | **9.6** | **10.5** | **1.8** | **1.0** | **–6.1** | **–6.6** | **3.0** | **3.0** | **0.9** | **–0.1** |

1) The indicators in this table cover the population aged 15-64, unless otherwise indicated.
2) The Objectives for 2010 in Spain are those of the National Reform Programme 2005 and those of the EU-25 are the objectives set in the Lisbon Summit in 2004.
Source: In-house data plus Eurostat: *Labour Force Survey,* and annual data on the real growth of GDP at constant prices (2000).

## ACTIVITY, EMPLOYMENT AND UNEMPLOYMENT RATES, 2000-2006

(Percentages, annual averages)

| Rates | Annual averages | | | | | | | Annual variations | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2001 | 2002 | 2003 | 2004 | 2005* | 2006 |
| **Activity** (% population 16 years of age and above) | 53.6 | 53.0 | 54.3 | 55.5 | 56.4 | 57.4 | 58.3 | 0.6 | 1.3 | 1.2 | 0.9 | 0.8 | 1.0 |
| **Employment** (% population 16 years of age and above) | 46.2 | 47.4 | 48.0 | 49.1 | 50.2 | 52.1 | 53.4 | 0.6 | 0.6 | 1.1 | 1.1 | 1.6 | 1.3 |
| **Unemployment** (% active population) | 13.9 | 10.6 | 11.5 | 11.5 | 11.0 | 9.2 | 8.5 | –1.4 | 0.9 | 0.0 | –0.5 | –1.4 | –0.6 |
| **Absolute unemployment** (% population 16 years of age and above) | 7.4 | 5.6 | 6.2 | 6.4 | 6.2 | 5.3 | 5.0 | –0.6 | 0.6 | 0.1 | –0.2 | –0.7 | –0.3 |

* Does not include the statistical change that highlights the difference with the sample labour force survey in the first quarter.
Source: INE, *Encuesta de Población Activa (Labour Force Survey)* [www.ine.es/inebase].

## PRIVATE SECTOR EMPLOYEES BY CONTRACT AND NATIONALITY, 2005-2006

(Thousands of persons, annual averages, and percentage of temporary workers. Annual variation in thousands of persons and percentage points)

| Nationality | | Permanent | Temporary | % Temporary |
|---|---|---|---|---|
| 2005 | Spanish | 7,387.9 | 3,335.0 | 31.1 |
| | Non Eu-25 foreigners | 623.3 | 993.5 | 61.4 |
| 2006 | Spanish | 7,680.9 | 3,442.5 | 30.9 |
| | Non Eu-25 foreigners | 739.9 | 1,225.6 | 62.4 |
| Var. 2005-2006 | Spanish | 293.0 | 107.5 | –0.2 |
| | Non Eu-25 foreigners | 116.6 | 232.1 | 0.9 |

Source: In-house with micro data from the INE, *Encuesta de Población Activa (Labour Force Survey).*

## PERMANENT CONTRACTS BY TYPE IN THE SECOND SEMESTER, 2005-2006

| 2005 | Initial permanent contracts | | | | | Conversions into permanent contracts | | | | | Total permanent contracts |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Ordinary | | Job creation | | Total | Ordinary | | Job creation | | Total | |
| | Credits | No credits | Credits | No credits | | Credits | No credits | Credits | No credits | | |
| July | 5,377 | 42,190 | 13,199 | 2,651 | 63,417 | 30,145 | 17,858 | 4,423 | 422 | 52,848 | 116,265 |
| August | 4,255 | 33,814 | 10,089 | 2,284 | 50,442 | 20,858 | 17,466 | 3,063 | 288 | 41,675 | 92,117 |
| September | 8,021 | 53,651 | 17,965 | 3,554 | 83,191 | 28,869 | 21,995 | 4,330 | 507 | 55,701 | 138,892 |
| October | 8,543 | 57,409 | 18,149 | 3,661 | 87,762 | 27,950 | 27,599 | 4,465 | 458 | 60,472 | 148,234 |
| November | 7,624 | 52,869 | 16,761 | 3,304 | 80,558 | 27,224 | 30,139 | 4,339 | 641 | 62,343 | 142,901 |
| December | 5,617 | 38,816 | 12,874 | 2,231 | 59,538 | 18,524 | 26,054 | 3,721 | 643 | 48,942 | 108,480 |
| Accumulated | 39,437 | 278,749 | 89,037 | 17,685 | 424,908 | 153,570 | 141,111 | 24,341 | 2,959 | 321,981 | 746,889 |

| 2006 | Initial permanent contracts | | | | | Conversions into permanent contracts | | | | | Total permanent contracts |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Ordinary | | Job creation | | Total | Ordinary | | Job creation | | Total | |
| | Credits | No credits | Credits | No credits | | Credits | No credits | Credits | No credits | | |
| July | 6,379 | 50,464 | 17,699 | 2,845 | 77,387 | 34,870 | 9,699 | 42,626 | 3,703 | 90,898 | 168,285 |
| August | 5,153 | 37,848 | 12,106 | 2,116 | 57,223 | 22,783 | 6,916 | 48,621 | 4,454 | 82,774 | 139,997 |
| September | 9,523 | 65,957 | 23,405 | 4,638 | 103,523 | 24,244 | 9,070 | 56,546 | 7,305 | 97,165 | 200,688 |
| October | 12,866 | 74,217 | 28,951 | 4,840 | 120,874 | 26,733 | 10,841 | 70,800 | 10,425 | 118,799 | 239,673 |
| November | 11,358 | 66,273 | 26,938 | 4,374 | 108,943 | 25,191 | 11,356 | 74,111 | 12,307 | 122,965 | 231,908 |
| December | 8,521 | 47,769 | 18,174 | 3,021 | 77,485 | 26,852 | 14,733 | 95,458 | 20,594 | 157,637 | 235,122 |
| Accumulated | 53,800 | 342,528 | 127,273 | 21,834 | 545,435 | 160,673 | 62,615 | 388,162 | 58,788 | 670,238 | 1,215,673 |

* Contracts notified since the entry into force of the Royal Decree (independent of starting date).
Source: INEM, Advance on subsidised contracts July-December 2006.

## PUBLIC EXPENDITURE ON EMPLOYMENT POLICIES IN THE EUROPEAN UNION, 2005

(As a percentage of GDP)

| Countries | Labour market services | Active policies (category 2-7) | Passive policies (category 2-7) | Total expenditure | Total expenditure in active policies per point of unemployment rate | Total expenditure per point of unemployment rate |
|---|---|---|---|---|---|---|
| Germany | 0.4 | 0.6 | 2.3 | 3.3 | 0.055 | 0.293 |
| Austria | 0.2 | 0.5 | 1.5 | 2.1 | 0.088 | 0.411 |
| Belgium | 0.2 | 0.9 | 2.4 | 3.4 | 0.100 | 0.405 |
| Cyprus | – | – | – | – | – | – |
| Denmark | 0.2 | 1.4 | 2.5 | 4.1 | 0.292 | 0.837 |
| Slovakia | 0.2 | 0.2 | 0.3 | 0.6 | 0.010 | 0.037 |
| Slovenia | – | – | – | – | – | – |
| **Spain** | **0.1** | **0.6** | **1.5** | **2.1** | **0.063** | **0.231** |
| Estonia | 0.0 | 0.0 | 0.1 | 0.2 | 0.006 | 0.023 |
| Finland | 0.1 | 0.7 | 1.9 | 2.8 | 0.084 | 0.324 |
| France | 0.2 | 0.7 | 1.6 | 2.5 | 0.073 | 0.277 |
| Greece | 0.0 | 0.1 | 0.4 | 0.5 | 0.006 | 0.051 |
| Holland | 0.5 | 0.9 | 2.0 | 3.4 | 0.178 | 0.701 |
| Hungary | 0.1 | 0.2 | 0.4 | 0.7 | 0.027 | 0.095 |
| Ireland | 0.2 | 0.5 | 0.8 | 1.5 | 0.109 | 0.342 |
| Italy | 0.0 | 0.5 | 0.8 | 1.3 | 0.059 | 0.167 |
| Latvia | 0.1 | 0.1 | 0.3 | 0.5 | 0.016 | 0.059 |
| Lithuania | 0.1 | 0.1 | 0.1 | 0.3 | 0.018 | 0.041 |
| Luxembourg | 0.0 | – | 0.7 | 0.7 | – | 0.149 |
| Malta | – | – | – | – | – | – |
| Poland | – | 0.4 | 0.9 | 1.2 | 0.020 | 0.068 |
| Portugal | 0.1 | 0.5 | 1.3 | 2.0 | 0.064 | 0.241 |
| UK | 0.4 | 0.1 | 0.2 | 0.7 | 0.024 | 0.140 |
| Czech Rep. | 0.1 | 0.1 | 0.2 | 0.5 | 0.015 | 0.062 |
| Sweden | 0.2 | 1.1 | 1.2 | 2.5 | 0.139 | 0.314 |
| **EU-15** | **0.2** | **0.5** | **1.4** | **2.2** | **0.065** | **0.265** |
| **EU-27** | **0.2** | **0.5** | **1.4** | **2.1** | **0.058** | **0.232** |

Source: Eurostat, *Labour Market Policy. Expenditure and Participants Data* 2005, 2007.

## RELATIVE POSITION OF THE REGIONS IN EMPLOYMENT, 2006

| **Employment rate 16-64 years of age**<br>**Both sexes** | | **Total growth 2001-2006**<br>**ESP= 7.0 %** | | |
|---|---|---|---|---|
| | | **Lower than ESP**<br>**(<6.5 %)** | **Near to ESP**<br>**(6.5-7.5 %)** | **Above ESP**<br>**(>7.5 %)** |
| Rate in 2006<br>ESP= 65.7% | >70 | Balearics<br>Navarre<br>Catalonia | | La Rioja<br>Madrid |
| | 65-70 | Aragon<br>Valencia | Murcia<br>Basque Country | Cantabria |
| | 60-65 | Canaries | Castilla-La Mancha<br>Galicia | Castilla y León |
| | <60 | Extremadura | | Andalusia<br>Asturias |

| **Employment rate 16-64 years of age**<br>**Women** | | **Total growth 2001-2006**<br>**ESP= 10.1 %** | | |
|---|---|---|---|---|
| | | **Lower than ESP**<br>**(<9.5 %)** | **Near to ESP**<br>**(9.5-10.5 %)** | **Above ESP**<br>**(>10.5 %)** |
| Rate in 2006<br>ESP= 54.0% | >60 | Balearics<br>Catalonia | | Madrid<br>Navarre |
| | 55-60 | | Aragon | Basque Country<br>La Rioja |
| | 50-55 | Valencia<br>Canaries | Galicia | Murcia<br>Castilla y León<br>Cantabria |
| | <50 | Castilla-La Mancha | Extremadura | Andalusia<br>Asturias |

| **Employment rate < 25 years of age**<br>**Both sexes** | | **Total growth 2001-2006**<br>**ESP= 6.5 %** | | |
|---|---|---|---|---|
| | | **Lower than ESP**<br>**(<6.0 %)** | **Near to ESP**<br>**(6.0-7.0 %)** | **Above ESP**<br>**(>7.0 %)** |
| Rate in 2006<br>ESP= 43.3% | >45 | Murcia<br>Catalonia<br>Valencia<br>Balearics | | Madrid<br>Castilla-La Mancha |
| | 40-45 | La Rioja<br>Navarre<br>Aragon | | Andalusia |
| | 35-40 | Canaries<br>Basque Country<br>Extremadura | | Cantabria<br>Galicia<br>Castilla y León |
| | <35 | | | Asturias |

| **Employment rate 55-64 years of age**<br>**Both sexes** | | **Total growth 2001-2006**<br>**ESP= 5.0 %** | | |
|---|---|---|---|---|
| | | **Lower than ESP**<br>**(<4.5 %)** | **Near to ESP**<br>**(4.5-5.5 %)** | **Above ESP**<br>**(>5.5 %)** |
| Rate in 2006<br>ESP= 44.1% | >50 | | Balearics | Catalonia |
| | 45-50 | La Rioja | Navarre<br>Madrid | |
| | 40-45 | Galicia<br>Cantabria<br>Aragon<br>Castilla y León<br>Murcia | Canaries<br>Castilla-La Mancha<br>Valencia | Basque Country |
| | <40 | Asturias<br>Extremadura | Andalusia | |

Sources: In-house data plus data from Eurostat, *Regional statistics* for 2001 and micro data from the INE, *Encuesta de Población Activa (Labour Force Survey)* for 2006.

## COLLECTIVE AGREEMENTS REGISTERED, COMPANIES AND WORKERS, 1999-2006

| Year | Collective agreements | | Companies | | Workers | |
|---|---|---|---|---|---|---|
| | Number | Variation (%) | Number (thousands) | Variation (%) | Number (thousands) | Variation (%) |
| 1999 | 5,110 | 0.4 | 1,122.6 | 4.2 | 9,008.1 | 2.9 |
| 2000 | 5,252 | 2.8 | 1,198.3 | 6.7 | 9,230.4 | 2.5 |
| 2001 | 5,421 | 3.2 | 1,293.2 | 7.9 | 9,496.0 | 2.9 |
| 2002 | 5,462 | 0.8 | 1,302.3 | 0.7 | 9,696.5 | 2.1 |
| 2003 | 5,522 | 1.1 | 1,281.4 | –1.6 | 9,995.0 | 3.1 |
| 2004 | 5,474 | –0.9 | 1,282.4 | 0.1 | 10,193.5 | 2.0 |
| 2005* | 5,641 | 3.1 | 1,296.5 | 1.1 | 10,582.5 | 3.8 |
| 2006* | 4,623 | | 1,206.0 | | 9,594.8 | –9.3 |

(*) Provisional figures at February 2007 (the 2005 figures are almost definitive).

Source: MTAS, *Estadística de Convenios Colectivos (Statistics on Collective Agreements).*

## EVOLUTION OF THE STRUCTURE OF COLLECTIVE BARGAINING, 1996-2006

(Percentage of each type of agreement on the total of agreements and workers)

| Year | Collective agreements | | | | Workers | | | |
|---|---|---|---|---|---|---|---|---|
| | Company | Higher level | | | Company | Higher level | | |
| | | Provincial | Regional | National | | Provincial | Regional | National |
| 1996 | 72.8 | 22.8 | 0.7 | 1.5 | 13.1 | 51.9 | 5.3 | 27.4 |
| 1997 | 72.8 | 22.7 | 0.9 | 1.6 | 11.9 | 51.4 | 5.8 | 30.3 |
| 1998 | 72.5 | 23.1 | 1.0 | 1.6 | 11.7 | 51.8 | 6.0 | 29.7 |
| 1999 | 72.5 | 22.9 | 1.0 | 1.6 | 11.8 | 52.1 | 5.5 | 29.7 |
| 2000 | 73.3 | 22.0 | 1.0 | 1.6 | 11.7 | 54.3 | 8.1 | 25.2 |
| 2001 | 74.2 | 21.8 | 1.0 | 1.6 | 10.9 | 55.8 | 8.7 | 23.8 |
| 2002 | 74.8 | 20.2 | 1.2 | 1.6 | 10.6 | 54.6 | 9.5 | 24.2 |
| 2003 | 75.1 | 19.9 | 1.4 | 1.6 | 10.7 | 54.3 | 10.4 | 23.6 |
| 2004 | 74.8 | 20.1 | 1.5 | 1.6 | 10.0 | 55.3 | 10.0 | 24.4 |
| 2005 | 75.3 | 19.7 | 1.5 | 1.5 | 10.8 | 53.1 | 10.0 | 24.9 |
| 2006 | 75.1 | 19.9 | 1.2 | 1.7 | 11.0 | 53.8 | 9.2 | 24.7 |

Figures at February 2007.

Source: CCNCC based on MTAS, *Estadística de Convenios Colectivos de Trabajo (Statistics on Collective Agreements).*

## EVOLUTION OF WAGE/SALARY INCREASES AND THE CPI

(Average agreed increase, in percentange)

| Year | Wage/salary increase | | CPI |
|---|---|---|---|
| | Initial | Reviewed | |
| 1993 | 5.4 | 5.5 | 4.9 |
| 1994 | 3.4 | 3.6 | 4.3 |
| 1995 | 3.7 | 3.9 | 4.3 |
| 1996 | 3.8 | 3.8 | 3.2 |
| 1997 | 2.9 | 2.9 | 2.0 |
| 1998 | 2.6 | 2.6 | 1.4 |
| 1999 | 2.4 | 2.7 | 2.9 |
| 2000 | 3.1 | 3.7 | 4.0 |
| 2001 | 3.5 | 3.7 | 2.7 |
| 2002 | 3.1 | 3.9 | 4.0 |
| 2003 | 3.5 | 3.7 | 2.6 |
| 2004 | 3.0 | 3.6 | 3.2 |
| 2005[1] | 3.2 | 4.1 | 3.7 |
| 2006[1] | 3.3 | 3.6 | 2.7 |

[1] Figures at February 2007 for wage/salary increase.
Source: MTAS, *Estadística de Convenios Colectivos (Statistics on Collective Agreements)* and INE.

## EVOLUTION OF WAGE/SALARY INCREASES BY SECTOR, 2003-2006

| | Total | Agriculture | Industry | Construction | Services |
|---|---|---|---|---|---|
| **Initial** | | | | | |
| 2003 | 3.5 | 3.7 | 3.2 | 4.7 | 3.3 |
| 2004 | 3.0 | 3.7 | 2.9 | 3.4 | 2.9 |
| 2005[1] | 3.2 | 3.7 | 3.0 | 2.9 | 3.2 |
| 2006[1] | 3.3 | 3.9 | 3.3 | 3.0 | 3.2 |
| **Reviewed** | | | | | |
| 2003 | 3.7 | 3.8 | 3.5 | 4.8 | 3.5 |
| 2004 | 3.6 | 4.0 | 3.6 | 4.4 | 3.4 |
| 2005[1] | 4.1 | 4.2 | 4.1 | 4.5 | 3.9 |
| 2006[1] | 3.6 | 4.1 | 3.6 | 3.6 | 3.4 |

[1] Figures at February 2007.
Source: MTAS, *Estadística de Convenios Colectivos (Statistics on Collective Agreements).*

## EVOLUTION OF WORKING HOURS AGREED PER TYPE OF COLLECTIVE AGREEMENT, 1996-2006

| Year | Total Agreements | | Company Agreements | | Agreements at other levels | |
|---|---|---|---|---|---|---|
| | Annual working hours | Variation in no. of hours | Annual working hours | Variation in no. of hours | Annual working hours | Variation in no. of hours |
| 1996 | 1,767.5 | 1.6 | 1,722.8 | 3.4 | 1,774.2 | 0.9 |
| 1997 | 1,767.8 | 0.3 | 1,720.8 | –2.0 | 1,774.2 | 0.0 |
| 1998 | 1,766.6 | –1.2 | 1,716.3 | –4.5 | 1,773.3 | –0.9 |
| 1999 | 1,765.0 | –1.6 | 1,716.5 | 0.2 | 1,771.5 | –1.8 |
| 2000 | 1,761.3 | –3.7 | 1,711.6 | –4.9 | 1,767.9 | –3.6 |
| 2001 | 1,758.7 | –2.6 | 1,708.0 | –3.6 | 1,764.9 | –3.0 |
| 2002 | 1,756.3 | –2.4 | 1,704.0 | –4.0 | 1,762.5 | –2.4 |
| 2003 | 1,752.9 | –3.4 | 1,697.7 | –6.3 | 1,759.6 | –2.9 |
| 2004 | 1,752.5 | –0.4 | 1,699.0 | 1.3 | 1,758.4 | –1.2 |
| 2005 | 1,751.1 | –1.4 | 1,692.6 | –6.4 | 1,758.2 | –0.2 |
| 2006 | 1,755.8 | 4.7 | 1,698.3 | 5.7 | 1,763.0 | 4.8 |
| Diff. 2006-1996 | | –11.7 | | –24.5 | | –11.2 |

Figures at February 2007.
Source: MTAS, *Estadística de Convenios Colectivos (Statistics on Collective Agreements).*

## ACTUAL AVERAGE WORKING HOURS PER WORKER BY WORKING TIME, 2000-2006

| Year | Total | Full-time | Part-time |
|---|---|---|---|
| 2000 | 1675.2 | 1775.3 | 978.0 |
| 2001 | 1669.5 | 1768.5 | 1008.3 |
| 2002 | 1664.9 | 1767.5 | 1026.5 |
| 2003 | 1652.8 | 1758.5 | 1023.9 |
| 2004 | 1646.2 | 1755.2 | 1023.9 |
| 2005 | 1638.6 | 1749.4 | 1030.7 |
| 2006 | 1628.9 | 1740.5 | 1019.9 |

Source: MTAS, *Encuesta de Coyuntura Laboral (Employment Trends Survey).*

## STRIKES, 1997-2006 (Main characteristics)

| Year | Strikes | Participants | Days not worked | Work centres convened | | Work centres involved | |
|---|---|---|---|---|---|---|---|
| | | | | Number | Workforce | Number | Workforce |
| 1997 | 709 | 630,962 | 1,790,100 | 167,064 | 1,669,731 | 117,833 | 1,413,390 |
| 1998 | 618 | 671,878 | 1,263,536 | 118,642 | 1,906,995 | 56,695 | 1,493,668 |
| 1999 | 739 | 1,125,056 | 1,477,504 | 91,388 | 2,463,242 | 70,333 | 2,005,513 |
| 2000 | 727 | 2,061,349 | 3,577,301 | 722,129 | 6,096,555 | 578,672 | 5,380,646 |
| 2001 | 729 | 1,242,458 | 1,916,987 | 574,648 | 5,885,927 | 293,354 | 3,288,188 |
| 2002 | 684 | 4,528,210 | 4,938,535 | 2,063,113 | 17,390,775 | 1,603,767 | 15,361,933 |
| 2003 | 674 | 728,481 | 789,043 | 587,485 | 4,702,704 | 276,187 | 2,548,416 |
| 2004 | 707 | 555,832 | 4,472,191 | 74,615 | 1,607,051 | 67,435 | 1,346,916 |
| 2005 | 669 | 331,334 | 758,854 | 42,055 | 1,454,336 | 21,975 | 967,740 |
| 2006 | 664 | 437,271 | 691,766 | 119,708 | 1,380,284 | 99,869 | 1,107,942 |

Source: MTAS: *Boletín de Estadísticas Laborales (Bulletin on Labour Statistics),* March 2007.

## DISPUTES PROCESSED BY THE SIMA, 2005-2006 (Characteristics and results)

| | 2005 | | 2006 | | 2005 | | 2006 | |
|---|---|---|---|---|---|---|---|---|
| | Conflicts | | | | Workers | | | |
| | 249 | | 241 | | 879.585 | | 954.586 | |
| | N.° | % | N.° | % | N.° | % | N.° | % |
| **Scope** | | | | | | | | |
| Company | 240 | 96 | 221 | 91 | 464,816 | 53 | 269,049 | 28 |
| Sector | 9 | 4 | 20 | 9 | 414,769 | 47 | 685,537 | 72 |
| **Type of dispute** | | | | | | | | |
| Interpret./Application | 203 | 81 | 199 | 83 | 734,543 | 84 | 543,501 | 57 |
| Strike | 38 | 15 | 33 | 14 | 104,755 | 12 | 275,985 | 29 |
| Blocked negociation | 7 | 3 | 9 | 3 | 40,192 | 4 | 135,100 | 14 |
| Consultation period | 1 | 1 | 0 | 0 | 95 | 1 | 0 | 0 |
| Joint control committ. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Procedure** | | | | | | | | |
| Mediation | 247 | 99 | 238 | 99 | 878,185 | 99 | 953,136 | 99 |
| Arbitration | 2 | 1 | 3 | 1 | 1,400 | 1 | 1,450 | 1 |
| **Results** | | | | | | | | |
| Agreements | 93 | 37 | 90 | 37 | 272,431 | 31 | 414,929 | 43 |
| Arbitration awards | 2 | 1 | 3 | 1 | 1,400 | 1 | 1,450 | 1 |
| No agreement | 122 | 49 | 119 | 50 | 577,481 | 66 | 423,759 | 44 |
| Others | 32 | 13 | 29 | 12 | 28,273 | 2 | 114,448 | 12 |

Note: Other results: attempts that are unsuccessful, filed, or in progress.
Source: SIMA.

## EXTRAJUDICIAL DISPUTE SETTLEMENTS, 2006

(Collective bargaining disputes, Regions)

| Region (Administrative Body) | No. of disputes | Conciliation Mediation | Arbitration | Workers affected | Companies affected | Results Conciliation Mediation | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Agreement reached | | No agreement | Others |
| | | | | | | N.° | % | | |
| Andalusia (SERCLA) | 714 | 712 | 2 | 473,528 | 71,205 | 285 | 55 | 242 | 185 |
| Aragon (SAMA) | 89 | 88 | 1 | 26,581 | 89 | 28 | 40 | 43 | 17 |
| Asturias (SASEC) | 141 | 141 | 29,541 | n.d. | 43 | 40 | 64 | 34 | |
| Balearics (TAMIB) | 63 | 63 | n.d. | n.d. | 22 | 46 | 26 | 15 | |
| Canaries (TLC) | 203 | 203 | 72,464 | 195 | 29 | 23 | 97 | 77 | |
| Cantabria (ORECLA) | 121 | 121 | 37,413 | 696 | 33 | 38 | 53 | 35 | |
| Castilla y León (SERLA) | 280 | 278 | 2 | 65,433 | 1,849 | 104 | 46 | 122 | 52 |
| Castilla-La Mancha (Arbitration Tribunal) | 166 | 166 | 44,956 | 8,369 | 59 | 51 | 57 | 50 | |
| Catalonia (TLC) | 760 | 718 | 42 | 202,555 | 3,597 | 345 | 56 | 272 | 101 |
| Extremadura (SERMAE) | 49 | 48 | 1 | 6,728 | 811 | 27 | 65 | 15 | 6 |
| Galicia (CRL-AGA) | 59 | 44 | 15 | 53,190 | 5,005 | 17 | 82 | 4 | 23 |
| Madrid (Labour Institution) | 582 | 582 | 492,655 | 2,077 | 195 | 42 | 274 | 113 | |
| Murcia (ORCL) | 70 | 70 | 92,200 | 15,471 | 30 | 54 | 26 | 14 | |
| Navarre (TLN) | 31 | 31 | n.d. | n.d. | 5 | 21 | 19 | 7 | |
| Basque Country (PRECO) | 355 | 346 | 9 | 48,057 | n.d. | 102 | 36 | 181 | 63 |
| La Rioja (TLR) | 9 | 8 | 1 | 1,428 | 9 | 1 | 14 | 7 | 0 |
| Valencia (TAL) | 382 | 377 | 5 | 144,487 | 9,747 | 103 | 35 | 189 | 85 |
| **Total** | **4,074** | **3,996** | **78** | **1,791,216** | **119,120** | **1,428** | **46** | **1,691** | **877** |

Note: not available. *Others:* without effect, not followed up or pending.
Source: in-house, based on statistics from the different administrative bodies.

## ACCIDENTS WITH TIME OFF WORK DURING WORKING HOURS, BY SECTOR AND SERIOUSNESS, 2006 (Number of accidents and % annual variation of the rate of incidence)

| Sector | Total | | Minor | | Serious | | Fatal | | Affiliated population |
|---|---|---|---|---|---|---|---|---|---|
| | No. of accidents | Variation Rate of Incidence | No. of accidents | Variation Rate of Incidence | No. of accidents | Variation Rate of Incidence | No. of accidents | Variation Rate of Incidence | |
| Agriculture | 34,215 | 1.2 | 33,513 | 1.6 | 639 | –12.5 | 63 | –8.1 | 1,123,960 |
| Industry | 242,542 | 1.2 | 240,236 | 1.4 | 2,104 | –11.3 | 202 | 0.9 | 2,385,118 |
| Construction | 255,636 | –3.6 | 252,368 | –3.5 | 2,969 | –12.5 | 299 | –11.8 | 1,938,992 |
| Services | 402,350 | –2.3 | 398,887 | –2.1 | 3,061 | –15.9 | 402 | –1.8 | 10,054,339 |
| **Total** | **934,743** | **–1.3** | **925,004** | **–1.1** | **8,773** | **–13.2** | **966** | **–4.5** | **15,502,408** |

Rate of incidence: Accidents per 100,000 workers with occupational contingencies covered.
Source: National Institute of Safety and Health in the Workplace: *Avance de siniestralidad laboral 2006 (Advance on occupational accidents rate 2006).*

# SUMMARY OF CHAPTER III: QUALITY OF LIFE AND SOCIAL PROTECTION

## 1. Social protection and quality of life in a European context

After the ratification process of the European Constitution stagnated European institutions have become aware of the need to find arguments that strengthen the legitimacy and identity of the notion of Europe. This is the context for the efforts being made to claim the existence of ‘European values’ or the need to ‘promote the European way of life in a globalised world’. This contrasts with the diversity of situations *between* the countries that make up the EU and *inside* the countries themselves. The composition of the population is increasingly multicultural and there are levels of well-being or quality of life that are still very different, which leads to a need to review the parameters under which international comparisons are usually made in the area of social protection and living conditions.

Within this new context, in 2006 the European Commission started an ambitious programme of consultation with citizens that will last throughout 2007 to evaluate the main social trends in European societies. The starting point is awareness of the great changes observed in these societies: in the workplace, in the life of modern families, the position of women and social mobility. Together with the achievements made in terms of economic development and social well-being, we are witnessing the emergence of models of poverty and inequality and other problems that are common to opulent societies such as obesity or factors associated with mental health, ageing and greater longevity. The transition from an eminently industrial society to a knowledge-based and service-oriented one requires great efforts in the fields of education and training. The Commission claims, on one hand, that the renewed Lisbon Strategy for growth and employment is not just based on economic results and competitiveness, but also on the creation of greater social cohesion and the social dimension of sustainability. On the other hand, it acknowledges that social situations and challenges are understood and analysed less than economic situations, and above all it observes that there is no consensus on these social challenges and the way to deal with them.

## 2. Education

Recent progress in Europe in the fields of education and training in the context of the Lisbon Strategy has been considerable. The most notable advances have taken place in continuing training and the knowledge society. Despite this, however, there are some objectives that have not been developed so far, particularly aspects more directly related to the quality of results. The rate of youngsters dropping out of school early has fallen, but to a limited extent, the reading skills of young people have hardly improved and the percentage of the young population that finishes higher secondary education is still far from the targets set for 2010.

On the basis of the results, the main political message of the joint report by the Council and the Commission in 2006 (also picked up by the European Council meeting on 23 and 24 March 2006) is that it is necessary to speed up these reforms, improving both the efficiency and the equity of European education systems but without creating an imbalance between the social and economic functions of education.

Spain is the one of the countries that has to work hardest to try and achieve the Lisbon objectives in education and training. It has one of the highest rates of youngsters dropping out of school early, a high percentage of young people who do not have basic reading skills, and one of the lowest levels of young people who complete higher secondary education. It is the result of a negative evolution in recent years, with major backward steps in the percentage of the young population completing higher secondary education (a fall of almost 5%) and in the percentage of young people without minimum reading skills (an increase of almost 5%). Spain needs to work hard to improve these figures, which place it below countries that have recently joined the EU such as Slovenia, Estonia, Poland and the Czech and Slovak republics.

Where the country has made most progress is in the participation of adults in continuing training and students in science and technology degree courses. The percentage of the population between 25 and 64 years of age participating in education and training programs has already passed the forecast level for 2010; the target for science and technology graduates is very close to being achieved.

The most important new development in legislation was the approval and later legislative implementation of Organic Law 2/2006 on Education ('LOE'), which clarifies and reduces the complexity of the legislative scenario that has been in force to date. The year ended, however, with the reform of the Organic Law on Universities ('LOU') still pending; it has been completed in 2007.

## 3. The Information Society

In the European Union greater confidence is observed in the ability to develop and convert ICT applications. Although investment in new technologies is still insufficient, there are signs of digital convergence, whose full implementation is envisaged in the i2010 Initiative "A European information society for growth and employment". It aims to drive four aspects: richness, diversification and the multi-lingual nature of content; transmission speed; interoperability and security, and digital inclusion.

ICT indicators compared in the EU-25 countries highlight this convergence, with average figures that have generally improved in

2006. The improvements are still moderate, however, and in many cases represent a great effort by the countries who have recently joined the European Union. Growth has been particularly spectacular in access to broadband from homes (32% in 2006) and European companies (75%), i.e. an increase of more than 4% in the penetration rate in Europe. Even so, continuous access is still limited for remoter regions, due to the high cost involved in factors such as distance and low population density. This justifies the need to improve accessibility to services offered through broadband, an essential factor in attracting businesses to rural areas and making such services as teleworking, healthcare via the Internet or remote learning programmes available.

In Spain, the implementation of the 2006-2010 Plan for the development of the information society and convergence with Europe and between regions –known as the 'Plan Avanza'– has been a stimulus to the use of these new technologies by private users and companies, particularly SMEs. The high points are initiatives related to the dissemination of ICTs (some of them aimed at equipping industrial estates with the latest technology), promoting digital identities or generating trust and security to foster the use of on-line services through the Internet.

There is also a commitment by the Public Administration to increase the availability of public services on-line. These currently account for 55% of the total, with the trend gradually going from simple downloading of forms by users to interactive operations.

In 2006 a number of measures have been put in place to speed up the process of digital convergence with Europe, e.g. faster administrative processes in the areas of justice, health, or industry, promoting the use of ICTs on university campuses, or speeding up the installation of broadband in rural areas.

## 4. Housing

In 2006 a slowing down of house price increases was observed (both new and second-hand homes). This has been taking place since the end of 2004 and confirms that the adjustment of house prices is happening gradually. Even despite this lower increase in prices, the possibility of getting on to the housing ladder is still difficult and mortgage payments are considerably increasing household debt. Indeed, the rise in price for a home has moderated thanks to continued increased supply and, above all, lower demand. The housing market's attraction as an alternative to the stock market fell, partly because increased mortgage rates in 2006 affected the situation.

To deal with this situation, faster progress was made in the implementation of the State Housing Plan in 2006. This also helped to consolidate the upward trend, begun in 2002, of the construction of subsidised housing. There has also been quite a lot of debate on regulations that directly affect accessibility, such as Land Law and the reform of Mortgage Law.

As regards the quality of the urban environment, some subjective impressions by citizens show that there are major differences between European countries. With the exception of Italy and Greece, the percentage of people in the EU-15 countries who say that they are unsatisfied with access to infrastructure, citizens' security and environmental factors such as noise, pollution, water quality and green spaces, is low. However, citizens from countries that have recently joined the EU and, in particular, those from candidate countries have a much higher level of dissatisfaction. The main reason for European citizens' discontent has to do with access to infrastructures (medical and security services) and to environmental elements to a lesser extent. In Spain, the data shows that the level of dissatisfaction of its citizens is slightly above the EU-15 average, although it is still well above the level recorded in the Scandinavian countries, Germany or Austria. The approval of the Technical Building Code in 2006 opens up new prospects for the construction of buildings with higher basic demands in terms of quality, security and habitability.

## 5. Sustainable development

In 2006 European institutions have promoted environmental policies in the context of sustainable development, particularly in areas such as energy efficiency and the use of renewable energy sources, or the review of the Kyoto Protocol; these are aimed at offsetting the effects produced by climate change and reducing emissions that cause it.

The indicators compared reflect an international situation that can certainly be improved in areas such as the over-exploitation of natural resources, higher generation of waste, the increase in greenhouse gases emitted to the atmosphere, or the change of land use in Europe due to the great expansion of urban development projects and their strong impact on the continent's fragile coastal strips. These justify the need to work on the search for a holistic vision that will integrate all the environmental factors that affect the social and economic policies of the regions.

More attention was paid in 2006 to greenhouse gas emissions, including initiatives such as the updating the National Allocation Plan for Emission Trading (PNADE) and the preparation of a Plan to adapt to climate change. Greenhouse gas emissions in 2005 were 37% above the commitment undertaken in the Kyoto Protocol, which establishes a maximum increase in emissions for 2008-2012 of 15% against 1990. The new National Allocation Plan sets out to stabilise the growth of overall emissions at 37% above the 1990 level, of which 15% would correspond to an increase in emissions and the remaining 22% would be divided between 2% for absorption by sinks and 20% for purchasing carbon credits through mechanisms such as emission trading or carrying out projects that create emission savings in other countries.

The electric power sector, less exposed to international trade and with greater capacity to internalise costs, should (according to the PNADE) make a greater effort to reduce emissions, while industrial sectors have been allocated a higher volume of annual emissions, applying an 'emission intensity factor' per production unit and bearing in mind the potential for reduction in each sub-sector.

## 6. Health and healthcare

The 20$^{th}$ anniversary of the approval of the General Law on Health took place in 2006. It represented the change from a healthcare model that was mainly contributory, financed through employee contributions, to the creation of a National Health System (SNS) characterised by its universal nature and funding from tax revenue. Since then the system has undergone major transformations that have led to considerable changes in healthcare services in Spain. Among these is the transfer of competencies to the regions, which was completed in 2002. The Law on Cohesion and Quality of the National Health System (2003) established the framework to strengthen coordination and cooperation between health services with the aim of guaranteeing equity, quality and social participation in the SNS; these areas still need major improvements to be made to them.

*State of health, evaluation and use of the healthcare system*

Citizens generally have a positive opinion of the system, although a more critical attitude seems to be emerging in recent years. This is particularly evident in the evaluation of certain specific aspects of specialised care and in the comparison of public and private care, indicating a closing of the gap between the two; just a few years ago public healthcare was the preferred option of the majority of Spanish citizens.

Regarding basic health indicators in the European context, Spain once again stands out for its good results in some of them, for example in the low rate of mortality through suicide in the young population, malignant tumours between 45 and 65 years of age (10% below the European average) or circulatory illnesses in people between 65 and 84 years of age.

As for healthcare services, the data on primary healthcare (collected for the first time this year through the Primary Healthcare Information System) indicate some improvements in the average number of people assigned to a family doctor, although they also show significant differences between the regions in the average number of citizens per doctor, paediatrician and nursing services. Specialised healthcare showed a clear increase in the field of surgery, which can be explained (among other reasons) by an increase in major outpatient surgery, which has tripled in ten years from 7% in 1995 to 22.6% in 2004. Waiting lists for surgical operations fell by 7% between 2004 and 2005, although this continues to be the point that most concerns citizens.

*Expenditure and the sustainability of the healthcare system*

Total healthcare expenditure (including public and private) in Spain in 2004 was equivalent to 8.1% of GDP, just under 1% below the average for OECD countries (8.9%) and below what most European countries spend. However, between 1990 and 2004 healthcare expenditure increased at an average rate of 5.6% a year in Spain, i.e. above the average rate in OECD countries (5.2% per annum). Growth in the last year of the period was much higher than this average: between 2004 and 2003 public healthcare expenditure rose by 11.54% over 2003, reaching a total of 46,004,000 euros. Furthermore, although healthcare expenditure in Spain is lower than in other countries, its high growth rate and the unequal weight of different areas mean that attention should be paid to its evolution and the possibility of rationalising it. The characteristics of the Spanish system in the period studied are: the preponderance of the increase in expenditure on specialised care and the high growth in expenditure on pharmaceutical products, together with the virtual stagnation of resources allocated to primary healthcare (this fell by 0.6% in 2004 against the previous year to levels similar to those observed in 2002) and public health in general. It is increasingly important to allocate resources to these areas due to the current increase in demand situation, in which scientific innovation, the growth in the number of people covered and the ageing of the population are stretching the system's ability to respond.

*Initiatives undertaken within the scope of the National Health System*

In 2006 we would highlight a number of initiatives within the context of the Spanish National Health System (SNS) that largely have to do with the implementation of the Law on Cohesion and Quality of the SNS. Despite the fact that it does not incorporate particularly striking new features, the updating of the range of services has the basic value that it was the result of consensus in the Inter-Territorial Council on a series of techniques and procedures at different levels of healthcare that will be guaranteed throughout the country. Other notable initiatives are the approval of the Quality Plan of the SNS and the approval (by the Inter-Territorial Council of the SNS) of a Document for Improvement Strategies in Primary Healthcare in the 21st Century. Finally, in a context of clear containment of pharmaceutical expenditure, the approval of Law 29/2006 on guarantees and the rational use of medication and healthcare products establishes a new regulatory framework for these products and the guarantees they offer, plus the promotion of their rational use as a result of the changes that arise from technological development. The Law includes major changes to the current system of reference pricing (16.7% of the medication market is subject to this), for which a set of regulations was also approved in 2006.

The evolution of some indicators, such as greater preference for private healthcare in certain specialisations, the growing proportion of private expenditure overall, the unequal distribution of material and human resources in the system, and the differences between expenditure per citizen in the different regions, are examples of the need to reinforce inter-territorial coordination and social cohesion objectives in the SNS.

## 7. Consumer affairs

In 2006 new (and long-awaited) legislation was passed for the protection of consumers and users in Spain. It covers issues that are of great interest to citizens, such as how to cancel subscriptions to certain services (e.g. telephone companies), rounding up prices, protection when buying a house, and the regulation of consumer associations.

The year was also marked, among other things, by controversy around commodity trading companies, focusing on the situation of thousands of consumers wanting to know the state of their investments. This occurred after legal action following a formal complaint by the taxation authorities, who detected a number of offences in two major companies in the sector. This has led to the presentation of a large number of claims by consumers throughout 2006 and in the first months of 2007. In 2005, housing complaints represented the bulk of the work of consumer associations, accounting for 17% of the 1,138,098 consultations and claims dealt with. This sector was followed by communication services (telephony, Internet) with 11% of the total and financial services with 10%.

In recent years the growth rates for credit to Spanish households have been higher than gross disposable income, which has inevitably meant a higher personal debt ratio. Indeed, in the 1990s the level was quite a lot lower than the average for the European Union, but it has exceeded it in a decade (although without reaching the debt ratio levels of other developed countries such as the United Kingdom). In 2006 household debt in Spain continued to rise, to its highest ever level (125% of gross disposable income). This means it has maintained the same growth rate as in previous years at around 12% a year.

## 8. Social welfare and social security

Social protection is an important part of the renewed Lisbon Strategy, which envisages the need to offer social systems to cope with the challenges of globalisation, together with the development of policies to modernise the European economy. It is increasingly recognised that social exclusion generates costs, not just for the individual but for society as a whole. From the review of the execution of the strategy, it seems that there is now clearer recognition that the adaptation of social protection and its financial viability are closely linked to the process of modernisation of social protection and inclusion. In this context, the reforms undertaken in social security systems are particularly important, especially those that have an effect on pensions.

In 2006 some progress has been made in compliance with the Social Agenda; the start of the application of the new phase of the "open method of coordination" (OMC) has already led to the approval of the first joint report on social protection and social inclusion according to the new integrated approach. National strategies have been examined in an attempt to simplify procedures and set new, common objectives structured around three main areas: poverty and social exclusion, pensions, and healthcare/long-term care. A new financial instrument for social policy, the PROGRESS programme, was approved in 2006. It will run from 2007 to 2013 and is designed to provide financial support for the execution of the objectives of the European Union in the fields of employment, social protection and social inclusion, working conditions, non-discrimination and diversity, and gender equality.

*Expenditure trends in social protection in the EU*

The situation of public expenditure, measured through social protection expenditure in the EU-25 countries, is a good reflection of varying situations in different countries referred to at the beginning of this chapter. Despite the differences in the configuration of national systems and their level of implementation and coverage, it is possible to discern certain common trends in recent years. The most notable is the slight reduction in the participation of social protection in overall public expenditure in the EU.

In this context, Spanish expenditure on social protection in 2004 –the last year for which comparative information is available– was still well below the EU-15 and EU-25 averages, despite the slight increase observed in the last few years. In 2004, Spain spent the equivalent of 20% of GDP on social protection, while the EU-15 average was 27.6% and 27.3% in the EU-25 countries. The main expenditure area in social protection in the European Union is currently senior citizens and long-term survival, while the function that is growing fastest year-on-year is "illness/healthcare" while "housing/social exclusion" is the one that is growing the slowest.

Comparing expenditure in terms of percentage of GDP in 2004, Spain is below the average in all areas except unemployment (2.5% in Spain and 1.7% in the EU-25). Expenditure on senior citizens was 7.9% of GDP in 2004 (10.8% in the EU-25) and healthcare and temporary disability after illness accounted for 6% of GDP (7.4% in the EU-25). The gap is greater in terms of lower Spanish expenditure on "family/children", which is one-third of expenditure in the EU-25 (0.7% against 2.1%), "housing" (0.5% in Spain and 0.2% in the EU-25) and social exclusion (0.2% in Spain and 0.2% in the EU-25).

Spain also continues to show a very different structure to the rest of the EU in the distribution of resources to finance social protection. Over half of income (50.9% in 2004) was from employer contributions –this figure is an average 38.6% in the EU-25– while transfers of competencies from the State represent 30.3% (33.7% in the EU-25) with employee contributions accounting for 16.4% (20.9% in the EU-25).

In 2006 European institutions have stressed the need to strengthen initiatives by Member States to cope with the demographic challenge facing the European Union in a constructive manner, bearing in mind the many and complex dimensions of demographics in each and every policy, both at national and EU level. According to the European Commission, forecasts for the EU-25 show that public expenditure on senior citizens will rise by 3-4% of GDP between 2004 and 2050, i.e. a 10% increase that will affect pensions, healthcare and other services provided to senior citizens. This upward pressure will be felt from 2010 onward and will be particularly strong between 2020 and 2040, although great differences are observed from one country to another and it is acknowledged that all countries have started to undertake reforms which will begin to take effect.

The reforms adopted in Spain in the last decade, within a process of ongoing adaptation, have followed the thread of the recommendations of the Toledo Pact, approved in 1995 and renewed in 2003. There is a high level of agreement on the objectives proposed at European level, in particular in the context of the Community Support Framework (CSF), and the main guiding principles behind the Toledo Pact: to guarantee financial sustainability, sufficient level of benefits and the modernisation or adaptation of the system on the basis of social changes. The first Joint Strategy for social protection and inclusion, approved by the Spanish Cabinet on 13 October 2006 and presented by Spain in compliance with the CSF, was positively received by the European institutions, which highlighted its strategic nature and the importance of the measures adopted in 2006 with a view to achieving objectives in the area of Social Security.

*Agreement on measures in the area of Social Security*

In the specific field of social security, against a background of a continuing healthy financial situation, a number of advances were made in the implementation of the Toledo Pact in 2006. While the most important feature in the area of social protection was the creation of a system for autonomy and attention for dependent persons, in the area of social security (strictly speaking) the most notable initiative was in social dialogue between the Government and the social partners that led to the agreement on social security measures signed on 13 July 2006. The agreement responded to one of the priorities in the socio-employment area stated in the Declaration for Social Dialogue (July 2004), which paid special attention to the social security system.

The measures basically cover a balanced relationship between income and expenditure in the system, the improvement of non-contributory cover, the protective action of contributory benefits, retirement age and the extension of working life, and also the structure of the social security system. Among its main novelties, the agreement includes a minimum contributory period to generate a pension after 15 (effective) years' contribution, the extension of widows' pensions to non-marital relationships and a number of stricter conditions for entitlement to partial retirement, particularly in cases where this is related to a personnel substitution contract.

The implementation of the Agreement requires several legislative changes, some of which were carried out in 2006. Before the end of the year Royal Decree 1299/2006 was passed approving a list of occupational illnesses in the social security system. Criteria for the notification and registration of these were passed together with the approval of a new tariff for accidents at work and occupational illnesses (incorporated into Law 42/2006 – State Budget for 2007). In early 2007 self-employed workers under the Special Regime for Self-Employed Agricultural Workers were integrated into the overall Special Regime for Self-Employed Workers.

Nevertheless, most of the commitments contained in the agreement were specified in the Draft Law on Social Security Measures, on which the ESC issued its Report (no. 1/2007). This involves the incorporation of measures that affect the legal status of temporary disability, permanent disability, retirement, and partial retirement, and also death and survival, into the Revised Text of the General Law on Social Security. The ESC issued a favourable report on the content of the Draft Law, considering that it came within the framework of the ongoing and progressive process of adaptation of the Social Security system in line with the recommendations of the Toledo Pact.

Other provisions envisaged in the agreement are still pending, for example the modification of legislation on the Reserve Fund, the integration of the Special Regime for Agricultural Employees in the General Regime or the analysis of the possibility of convergence between the Special Regime for Household Service Workers with the General Regime.

*Improvements in protection*

Together with the measures agreed in the framework of this Agreement, we would highlight initiatives undertaken in 2006 on improving the protection offered by the social security system. Particularly important is the increase in the minimum pension above the general value adjustment; this had already been applied in the two previous financial years and is included again in 2006. The measure affects more than two million pensioners and has meant increases that range between 5 and 6.5% in contributory pensions depending on particular cases. Non-contributory pensions increased by 3%.

We should also mention a further increase in the minimum guaranteed interprofessional wage for 2006, both for indefinite and temporary or seasonal workers, and also for household service workers. In terms of the effect on the social security system, the new sums (which represent an increase of 5.4% on the previous year) mean a further increase on the minimum assessment basis and, therefore, on the benefits that are generated on the basis of lower assessment bases.

Other measures taken in 2006 have an impact on the equalisation of rights for certain groups and situations. From the point of view of Social Security rights, we would highlight the situation of Spanish people living abroad, self-employed people and situations related to maternity. In these three cases the ESC had the opportunity to announce its position on the corresponding Draft Law and issued a report on the matter.

*Evolution of contribution to the Social Security system*

The above measures have been adopted in a favourable economic and demographic context. Indeed, the social security system continued to show a healthy financial situation in 2006, to the extent that it emerged with a surplus over budget of 1.2% of GDP, i.e. 11,900,000 euros. This increased income continues to be the result of an increase of 3.28% in people liable to social security payments (contributors), although the increase is lower than in 2005 (5.78%): Nevertheless, it is difficult to compare the two due to the effect of the normalisation of the status of foreigners in the country. If we rule out this effect, the increase recorded in 2006 would be slightly higher (just over 0.2%) than in the previous year. The social security system ended 2006 with a total of 18,915,407 contributors (December monthly average), i.e. an increase of 601,025 contributors on the monthly average of 2005.

As has been the case for several years, the intensity in the growth of the number of contributors has been greater in women (+4.52% year-on-year variation at 31 December) than in men (+2.45%). Maintaining and increasing this rate of incorporation of women and favouring their continuity over time is, in the case of Spain, a key factor in improving the sustainability of the system; it is also consistent with the objective of improving the participation rate of women in the framework of the renewed Lisbon Strategy.

As regards the composition and evolution of the number of social security contributors on the basis of nationality, once the normalisation of the status of foreigners was completed this group has continued to join the social security system at a good rate in 2006. Around 22.5% of new contributors are non-national workers. By the end of 2006 there were 1,823,974 foreign contributors to the social security system, 80.7% of them from non-EU countries. Although the percentage of non-EU citizens predominates, the high rate of incorporation of EU citizens to the social security system is notable: the figure increased by 23.3% last year, while non-Europeans increased by 5%. The ten new EU entrants in 2004 provided 71,977 foreign contributors in 2006 (48.4% from Poland). It is likely that the entry of Bulgaria and Rumania into the European Union on January 1 2007 will accentuate the growth trend of EU citizens as contributors to the social security system, particularly after the end of the two-year moratorium on the complete free circulation of labour and access to employment under the same conditions as Spanish workers.

A comparison of the distribution of foreigners and Spanish nationals by contribution group also reveals a high percentage of the former (much higher than the Spaniards) working in low-skilled jobs, and therefore with lower contribution bases. These figures have to do with the 'productive specialisation' of foreigners in the Spanish labour market and also the strong weight of recently-arrived workers in relation to those who were already established. This is consistent with Spain's short history as a country that receives immigration.

*Main benefits, expenditure and evolution of beneficiaries*

The main driver of benefits expenditure in the social security system has been the increase in the most important item: contributory pensions. In the 2006 Budget this figure stood at 80,098,520,000 euros, i.e. 7.72% of GDP. According to the budget spent until the end of the December, expenditure on contributory pensions grew by 6.9% against the same period in 2005, with retirement and widowhood contributory pensions being the main expenditure item.

Overall, the number of current contributory pensions increased less in 2006 than in the previous year (1.5%), the increase in the case of retirement pensions being 1.4%. The reason for this contained growth in 2006 is that the number of newly retired people in the year (235,100) was lower than in 2005 (265,300). This is due to the fact that the birth rate was lower in 1941 than in the high year of 1940 (people born in 1941 reached 65 years of age in 2006). Furthermore, the figure for people who stopped receiving a retirement pension (215,800) was lower than in 2005 (226,100). The birth rate from 1942 onwards followed an upward trend, so it is likely that the growth in the number of people qualifying for a retirement pension will increase after 2007.

The evolution of early retirement deserves special attention due to its relationship with the objectives of keeping older people in work and facilitating a gradual and flexible transition towards retirement. In 2006 there was a further large increase in early retirements. In its different modalities, partial retirement shows a worrying and growing trend: it increased 33% in 2006 alone, representing 28.3% of the total of early retirements and 13% of the total of newly retired workers. This trend seems to be related to its use to renew workforces or gain access to a similar situation to early retirement, but without the penalties of the reduction coefficients. For this reason, the agreement signed by the social partners includes measures to reorientate the use of this figure towards the initial objective of helping older workers to remain in jobs, as envisaged in the Draft Law on Measures for the Social Security System.

Non-contributory pensions continued their constant trend, growing by 3.1% overall, with a greater weight of non-contributory retirement pensions followed by family benefits (subsidy for a child under 18 years of age, with or without disability, and one-off payments for the birth of a third child or multiple births) and disability pensions. The number of pensioners receiving non-contributory retirement and disability pensions from the social security system has stabilised at around 475,000.

On the non-contributory side of the system, we would highlight the growing number of current pensions that receive a supplement on minimum pensions as a result of the increase in the level of these pensions above the CPI, with the consequent effect on the sum of associated expenditure which, one should remember, continues to be largely financed from contributions. This trend could call into question the sufficiency of the State's present contribution in order to fulfil the commitment to achieve full financing of supplements for minimum pensions within the established timescale. In July 2006 there were 2,212,562 supplementary pensions (27% of the total of current pensions) because they did not reach the minimum pension level.

*Situation of the Reserve Fund*

The positive balance between income and expenditure in the system has been allocated to the Reserve Fund, in compliance with the commitments undertaken in the Toledo Pact (Second Recommendation) and the review of the pact approved by Parliament at the end of 2003, and also on the basis of the agreements on social protection signed with the social partners. The balance of the Fund at 31st December 2006 will serve to pay pensions for seven months; the sum represents 3.64% of GDP. Logically, the Reserve Fund is an essential (although not the only) instrument to guarantee the viability of the system. All the measures and initiatives adopted in recent years in the ongoing process of adaptation of the Spanish social security system have also helped. The agreement on measures for social protection contains a commitment to study the modification of the legislation that regulates the Fund, with the aim of extracting higher profitability from the money in it and guaranteeing security in investments.

*Evolution of complementary welfare schemes*

In 2006, complementary welfare schemes have continued to increase, although at a slower rate than in previous years. This contrasts with the major increase in the employed population and the general trend of an ageing population. In line with the modality of pension schemes, it seems that as the process of outsourcing of pension commitments is culminated the individual pension scheme system is growing above that of occupational pension plans. In the next few years one will have to observe how the effects of Law 35/2006 on Personal Income Tax will have modified the fiscal treatment of contributions and benefits of complementary welfare schemes, introducing a new collective insurance modality called "company social welfare coverage", which could cover risks of retirement, permanent disability, death, and severe or great dependence.

Another aspect to be monitored is the average contribution of people who have private pension plans. In 2006, almost 80% of contributors did not pay more than 900 euros a year into their plans.

## 9. Social services and dependent care

In Spain the social services sector is less developed than in most of the more advanced countries around it, although it is now at a decisive moment following the approval of Law 39/2006 on Promotion of Personal Autonomy and Care for Persons in Situations of Dependence. Although the social services carry out their work in line with a wide variety of objectives, they mainly deal with elderly and disabled persons, who are the main beneficiaries of care at home in situations of dependency. Social demand around the phenomenon of the ageing population and the need to care for these people, especially if they are dependent (whether through old age or disability) is being materialised (according to data from the Ministry of Employment and Social Affairs) in the form of an increase in the number and proportion of services to cover the needs of these persons. Moreover, in accordance with the new regulations, the system for personal autonomy and attention to dependency (SAAD) is a basic element in improving the situation of the social services in Spain.

It is also expected that the new system will bring major benefits from the employment point of view. According to the latest estimates by the Ministry of Employment and Social Affairs the system accounts for around 300,000 direct jobs. There is also an opportunity to improve the position of groups with particularly difficulties in accessing the labour market, such as women, low-skilled workers, long-term unemployed people, young people looking for their first job and workers of over 45 years of age. Apart from job creation, the SAAD offers the opportunity to consolidate existing jobs over the next few years.

Regarding the concerted project for basic benefits of social services in local authorities, in the eighteen years it has been in operation the core network has undergone considerable development. However, as highlighted in the last edition of this Report, it is currently in a phase of relative stagnation; this is not so surprising considering that its greatest dynamism was in the years following the implementation of the project.

## 10. Social inclusion and non-discrimination

The reduction of inequalities and the promotion of equal treatment and opportunities are part of the core objectives of the modernisation of the European social model. The protective role of the social security system, the expansion of health services and education, the development of social services and active policies to promote employment –among other things- have been covered in previous sections of this Report. They make a decisive contribution to ensuring the objective of guaranteeing a suitable level of social cohesion and complete the initiatives carried out with policies that are specifically aimed at achieving more cohesive societies. Within this framework come policies of social inclusion (mainly aimed at prevention and solution of situations of material deprivation) and initiatives in the area of equal treatment and opportunities which, with the support of ever-stronger anti-discrimination legislation, act on a substrate that is difficult to deal with and that has deep cultural roots.

In 2006 the 4$^{th}$ National Action Plan for Social Inclusion in the Kingdom of Spain 2006-2008 was drawn up. It incorporates the Spanish strategy in social protection, social inclusion and healthcare, presented through the application of the open coordination method.

The second edition of the Living Conditions Survey of the INE (referring to 2005) describes the characteristics of the potential target population for the Plan. It reveals the persistence of already-known personal profiles at risk of poverty such as advanced age, together with other trends that are also present in similar countries such as the feminisation of poverty, the higher number of workers at risk from poverty or the increased risk of child poverty.

*Equal opportunities*

In Spain 2006 was a year of significant progress in policies and legislative measures that directly affect equal opportunities, mainly based on compliance with EU Directives in the area. The most notable areas of intervention during the year were equal opportunities between men and women and the social integration of immigrants. In the former, we would highlight the implementation of the Integral Organic Law against gender violence and, particularly, the stimulus given to the approval of the Law of Equality between Men and Women, whose implementation needs to be monitored over the next few years. The Strategic Plan of Citizenship and Integration, presented for public consultation in 2006, aims to become a major factor in the social integration of immigrants, guiding the actions of public authorities and encouraging society to go in that direction to create a suitable framework for the integration of immigrants as Spanish citizens with full human, social, economic, cultural and political rights. In the area of disability, some partial progress has been made in implementing the Law of Equal Opportunities and Non-Discrimination and Universal Access of people with Disability (LIONDAU), although the main expectations for improvement of a large part of this group was marked in 2006 by the imminent application of Law 39/2006 on Promotion of Personal Autonomy and Attention to Persons in Situations of Dependence.

# EVOLUTION OF THE EU-25 IN TERMS OF THE 2010 REFERENCE POINTS IN EDUCATION AND TRAINING

| Education indicators in the European Union | % of the population from 25-64 that participates in education and training | | % of the population from 20-24 that has completed at least the second stage of secondary education (1) | | % of young people who drop out of school early (2) | | Graduates in Science and Technology (3) | | Young people who do not have the minimum required reading skills (PISA 2000 - 2003) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2000 | 2005 | 2000 | 2005 | 2000 | 2005 | 2000 | 2004 | 2000 | 2003 |
| **EU -25** | **7.9 (4)** | **11.0** | **76.3** | **77.3** | **17.3(4)** | **15.2** | **10.4(4)** | **12.6** | – | – |
| Germany | 5.2 | 8.2 | 74.7 | 71.0 | 14.9 | 13.8 | 8.2 | 9.0 | 22.6 | 22.3 |
| Austria | 8.3 | 13.8 | 84.7 | 85.9 | 10.2 | 9.0 | 7.2 | 8.7 | 14.6 | 20.7 |
| Belgium | 6.8 | 10.0 | 80.9 | 80.3 | 12.5 | 13.0 | 9.7 | 11.2 | 19.0 | 17.9 |
| Cyprus | 3.1 | 5.6 | 79.0 | 80.7 | 18.5 | 18.1 | 3.4 | 4.2 | – | – |
| Denmark | 20.8 | 27.6 | 69.8 | 76.0 | 11.6 | 8.5 | 11.7 | 13.8 | 17.9 | 16.5 |
| Slovenia | – | 17.8 | 87.0 | 90.6 | – | 4.3 | 8.9 | 9.3 | – | – |
| **Spain** | **5.0** | **12.1** (*) | **65.9** | **61.3** | **29.1** | **30.8** | **9.9** | **12.5** | **16.3** | **21.1** |
| Estonia | 6.0 | 5.9 | 83.6 | 80.9 | 14.2 | 14.0 | 7.0 | 8.9 | – | – |
| Finland | 19.6 (*) | 24.8 | 87.8 (*) | 84.3 | 8.9 (*) | 9.3 | 16.0 | – | 7.0 | 5.7 |
| France | 2.8 | 7.6 | 81.6 | 82.8 | 13.3 | 12.6 | 19.6 | – | 15.2 | 17.5 |
| Greece | 1.1 | 1.8 | 79.3 | 84.0 | 18.2 | 13.3 | 0.0 | 8.0 | 24.4 | 25.3 |
| Hungary | 3.1 | 4.2 | 83.6 | 83.3 | 13.8 | 12.3 | 4.5 | 5.1 | 22.7 | 20.5 |
| Ireland | – | 8.0 | 82.4 | 86.1(**) | – | 12.3 (**) | 24.2 | 23.1 | 11.0 | 11.0 |
| Italy | 5.5 | 6.2 | 68.8 | 72.9 | 25.3 | 21.9 | 5.7 | 10.1 | 18.9 | 23.9 |
| Latvia | – | 7.6 | 76.8 | 81.8 | – | 11.9 | 7.4 | 9.4 | 30.6 | 18.0 |
| Lithuania | 2.8 | 6.3 | 77.9 | 85.2 | 16.7 | 9.2 | 13.5 | 17.5 | – | – |
| Luxembourg | 4.8 | 8.5 | 77.5 | 71.1 | 16.8 | 13.3 | 1.8 | – | 35.1 | 22.7 |
| Malta | 4.5 | 5.8 | 40.9 | 48.1 | 54.2 | 41.2 | 3.4 | – | – | – |
| Netherlands | 15.6 | 16.6 | 71.7 | 74.6 | 15.5 | 13.6 | 5.8 | 7.9 | – | 11.5 |
| Poland | – | 5.0 | 87.8 | 90.0 | – | 5.5 | 6.6 | 9.4 | 23.2 | 16.8 |
| Portugal | 3.4 | 4.6 | 42.8 | 48.4 | 42.6 | 38.6 | 6.3 | 11.0 | 26.3 | 21.9 |
| UK | 21.0 | 29.1 | 76.4 | 77.1 | 18.4 | 14.0 | 18.5 | 18.1 | 12.9 | – |
| Czech Republic | – | 5.9 | 91.1 | 90.3 | – | 6.4 | 5.5 | 7.4 | 17.5 | 19.3 |
| Slovakia | – | 5.0 | 94.5 | 91.5 | – | 5.8 | 5.3 | 9.2 | – | – |
| Sweden | 21.6 | 34.7 | 85.2 | 87.8 | 7.7 | 11.7 (*) | 11.6 | 15.9 | 12.6 | 13.3 |

* Broken series.

(1) According to CNED-2000-ISCED-97, this level includes a second stage of secondary education (general-baccalaureate, technical college and special regime) and education for training and insertion in the labour market that need a first-stage secondary qualification in order to be able to take these courses.

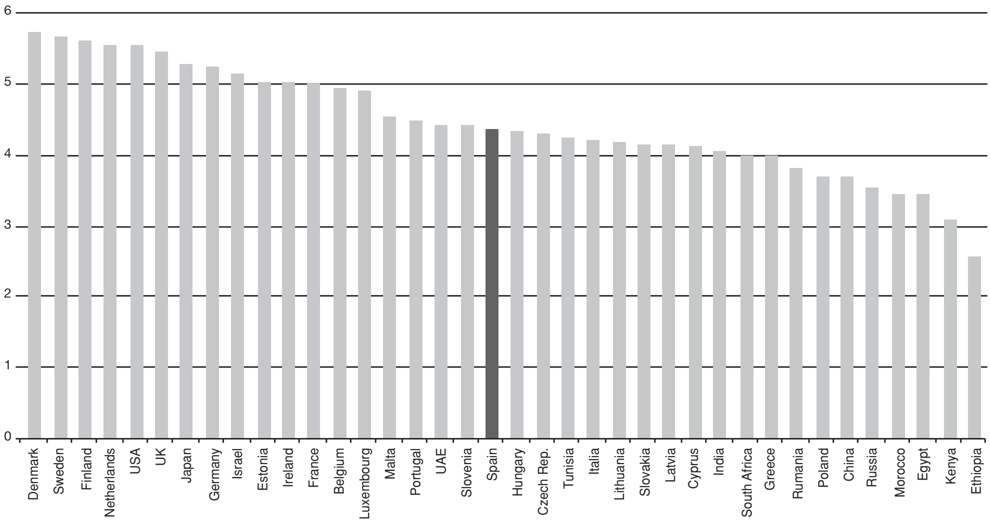
(2) Percentage of young people between 18 and 24 who have not completed the second stage of secondary education and do not follow any kind of studies or training.

(3) Graduates per 1,000 inhabitants among the population between 20 and 29 years of age.

(4) Estimated data.

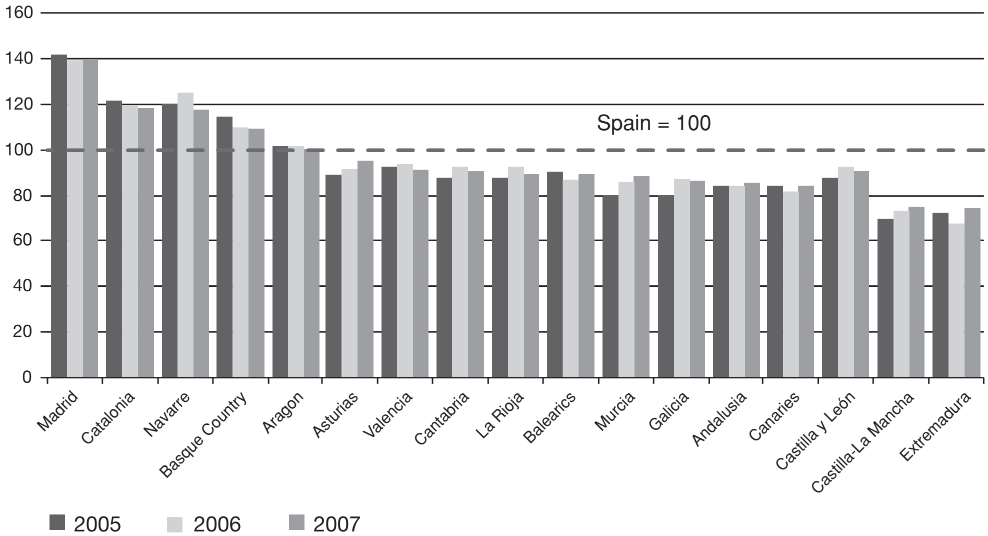
Source: Structural Indicators of Eurostat and PISA 2000-2003.

## INTERNET AVAILABILITY 2006



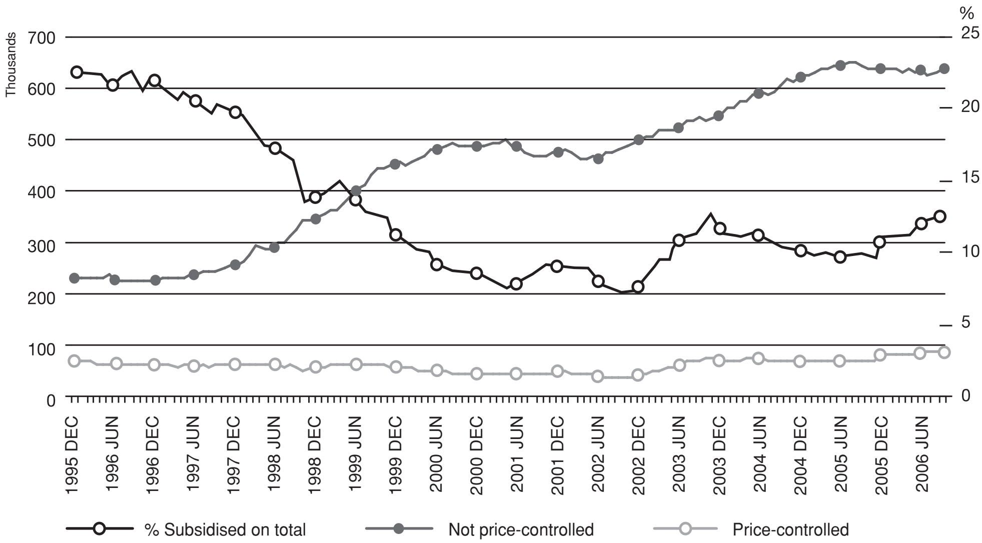

Source: World Economic Forum, *The Global Information Technology Report 2006-2007*.

## SUMMARY OF REGIONAL PENETRATION OF THE NEW ECONOMY*, 2005-2006




* Global index that reflects the presence of ICTs in the regions.
Source: Region of Madrid, Regional Ministry for the Economy and Technological Innovation, and regional penetration of the new economy (March 2007).

## SUBSIDISED HOUSING UNITS STARTED, 1995-2006




Source: Ministry of Housing.

## SATISFACTION OF SPANISH CITIZENS WITH THE ENVIRONMENTAL CONDITION OF THEIR HOMES, 2000-2005

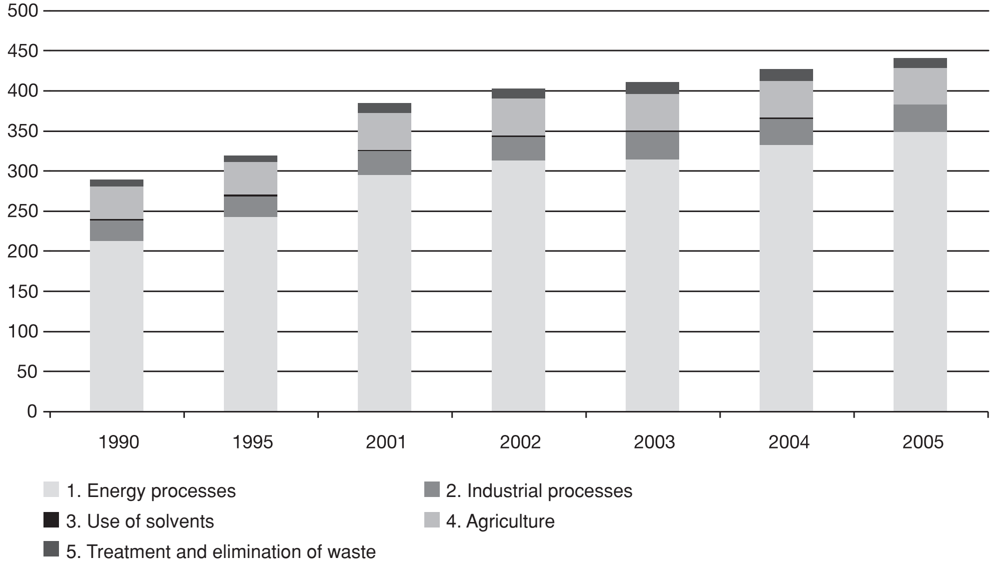
(Percentage of homes on the total)

| Year | Insufficient natural light | Noise from neighbours or from outside | Pollution and other environmental problems | Delinquency or vandalism | No problems |
|---|---|---|---|---|---|
| 2000 | 11.1 | 30.0 | 8.5 | 12.3 | 50.9 |
| 2001 | 11.7 | 34.6 | 9.7 | 14.7 | 46.5 |
| | | | | | |
| 2004 | 14.2 | 25.5 | 15.8 | 18.9 | 52.8 |
| 2005 | 10.8 | 28.8 | 16.6 | 18.7 | 53.4 |

Source: INE. *Panel de Hogares de la Unión Europea (European Community Household Panel)* (2000-2001) and *Encuesta de Condiciones de Vida (Living Conditions Survey)* (2004-2005).

## EVOLUTION OF $CO_2$ EMISSIONS IN SPAIN BY SECTOR, 1990-2005

($MTm\ CO_2$ eq)




Source: Ministry of the Environment, *Inventario de Emisiones de Gases con Efecto Invernadero de Spain (Inventory of Greenhouse Gas Emissions in Spain) 1990-2005, Comunicación a la Comisión Europea (Communication to the European Commission)* (March 2007).

## HEALTH INDICATORS IN SPAIN, 1994-2004

| General indicators | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Life expectancy at birth, by sex** (1) | | | | | | | | | | | |
| Both sexes | | 78.0 | 78.3 | 78.6 | 78.7 | 78.6 | 78.7 | | | | |
| Males | | 74.4 | 74.7 | 75.1 | 75.2 | 75.3 | 75.4 | | 75.7 | 76.9 | |
| Females | | 81.6 | 81.9 | 82.0 | 82.1 | 82.5 | 82.7 | | 83.1 | 83.6 | |
| **Evolution of mortallity. Gross rate per 1,000 people**(1) | | | | | | | | | | | |
| Both sexes | 8.6 | 8.8 | 8.9 | 8.9 | 9.1 | 9.4 | 9.0 | | | 9.1 | 8.7 |
| Males | 9.4 | 9.6 | 9.7 | 9.6 | 9.9 | 10.0 | 9.7 | | | 9.7 | 9.3 |
| Females | 7.9 | 8.1 | 8.2 | 8.2 | 8.5 | 8.7 | 8.4 | | | 8.6 | 8.2 |
| **Evolution of chronic illnesses/diseases. Morbidity in the population of 16 years of age and over**(2) | | | | | | | | | | | |
| High blood pressure | | 12.0 | | 11.4 | | | | 14.4 | | 12.3 | |
| High colecterol | | 9.5 | | 8.2 | | | | 10.9 | | 8.9 | |
| Diabetes | | 4.7 | | 5.0 | | | | 5.6 | | 5 | |
| Asthma or chronic bronchitis | | 4.9 | | 5.0 | | | | 4.8 | | 5.3 | |
| Cardiac illnesses | | 4.8 | | 4.9 | | | | 5.2 | | 5 | |
| Stomach ulcer | | 4.3 | | 3.5 | | | | 3.5 | | 2.1 | |
| Allergy | | 8.1 | | 8.0 | | | | 8.0 | | 9.8 | |
| Depression | | | | | | | | 6.5 | | 4.6 | |
| I have not been told I have any of these illnesses/ diseases | | 67.3 | | 68.8 | | | | 61.9 | | | |
| **Evolution of AIDS. Rate per million people**(3) | | | | | | | | | | | |
| Both sexes | 188.2 | 181.1 | 166.5 | 120.9 | 89.5 | 74.3 | 68.4 | 59.0 | 52.7 | 47 | 52 |
| **Evolution of traffic accident rates and victims**(4) | | | | | | | | | | | |
| Accidents per 10,000 vehicles | 43 | 44 | 44 | 42 | 46 | 44 | 44 | 41 | 31 | 40 | 36 |
| Deaths per 10,000 vehicles | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 |
| Deaths per 1,000 accidents | 72 | 69 | 64 | 65 | 61 | 59 | 58 | 55 | 54.3 | 54 | 50 |
| Injuries per 1,000 accidents | | 1,522 | 1,515 | 1,520 | 1,510 | 1,520 | 1,529 | 1,545 | 1,547 | 1,561 | 1,472 |
| Deaths per 10,000 accidents | 1.4 | 1.5 | 1.4 | 1.4 | 1.5 | 1.5 | 1.5 | 1.4 | 1.3 | 1.3 | 1.1 |
| **Evolution of smoking**(2) | | | | | | | | | | | |
| Daily smoker (males) | | 43.5 | | 42.1 | | | | 39.2 | | 34.1 | |
| Daily smoker (females) | | 24.5 | | 24.8 | | | | 24.6 | | 22.4 | |
| Ex-smoker (males) | | 22.7 | | 23.1 | | | | 24.8 | | 24.7 | |
| Ex-smoker (females) | | 7.0 | | 7.8 | | | | 9.4 | | 10.4 | |
| **Evolution of alcohol consumption**(2) | | | | | | | | | | | |
| Excessive drinker (males) | | 4.9 | | 4.5 | | | | 3.9 | | 4.3 | |
| Excessive drinker (females) | | 0.3 | | 0.3 | | | | 0.2 | | 0.5 | |
| **Evolution of obesity**(2) | | | | | | | | | | | |
| Obesity (males) | | 10.7 | | 12.4 | | | | 12.8 | | 13.3 | |
| Obesity (females) | | 11.9 | | 13.6 | | | | 14.5 | | 13.9 | |
| **Evolution of physical activity**(2) | | | | | | | | | | | |
| Inactive in free time (males) | | 40.7 | | 39.2 | | | | 41.2 | | | |
| Inactive in free time (females) | | 52.9 | | 52.1 | | | | 52.2 | | | |

## HEALTH INDICATORS IN SPAIN, 1994-2004 *(Continuation)*

| General indicators | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **High-technology equipment in hospitals[5]** | | | | | | | | | | | |
| CAT (Computerised Axial Tomography) | 305 | 354 | 352 | 359 | 402 | 456 | 483 | 505 | 531 | | 586 |
| MRI (Magnetic Resonance Imaging) | 98 | 108 | 124 | 125 | 150 | 181 | 194 | 231 | 256 | | 349 |
| GAM (Gamma camera, includes SPECT) | 198 | 183 | 200 | 190 | 214 | 221 | 213 | 209 | 210 | | 232 |
| HEM (Haemodynamic rooms) | 123 | 125 | 135 | 131 | 146 | 138 | 161 | 166 | 165 | | 197 |
| DIVAS (Digitised Intravenous Angiography) | 116 | 125 | 129 | 130 | 132 | 137 | 148 | 147 | 151 | | 181 |
| ESWL (Extracorporeal shock wave lithotripsy) | 65 | 62 | 70 | 71 | 74 | 69 | 73 | 74 | 73 | | 83 |
| CB (Cobalt Bomb) | 77 | 77 | 79 | 72 | 74 | 62 | 60 | 58 | 54 | | 46 |
| PA (Particle Accelerator) | 47 | 51 | 51 | 52 | 65 | 79 | 89 | 95 | 97 | | 135 |
| **Health Care Personnel[1]** | | | | | | | | | **420,000** | | |
| Chartered doctors (Total) | 162,089 | 162,650 | 165,560 | 168,240 | 171,494 | 174,886 | 179,033 | | | 190,655.0 | 199,123.0 |
| Chartered doctors (% Females) | 33.5 | 33.8 | 34.6 | 36.4 | 36.4 | 37.0 | 37.9 | | 40.7 | 40.7 | 42.0 |
| Chartered nurses (Total) | 167,957 | 172,132 | 177,034 | 181,877 | 203,412 | 197,340 | 204,485 | | | 220,769.0 | 231,001.0 |
| Chartered nurses (% Females) | 78.8 | 79.0 | 79.8 | 80.1 | 80.2 | 80.6 | 80.5 | | 81.6 | 81.6 | 82.5 |
| Chartered pharmacists (Total) | 40,323 | 41,387 | 45,021 | 44,990 | 46,761 | 48,717 | 50,759 | | | 56,501.0 | 59,251.0 |
| Chartered pharmacists (% Females) | 63.5 | 63.8 | 65.8 | 65.0 | 65.7 | 66.2 | 66.8 | | 68.0 | 68.0 | 68.7 |

Sources:
(1) INE (National Statistics Institute).
(2) Ministry of Health and Consumer Affairs, National Health Survey.
(3) Ministry of Health and Consumer Affairs, Carlos III Health Institute. National AIDS Register.
(4) Ministry of the Interior, Traffic Department.
(5) Ministry of Health and Consumer Affairs, National Catalogue of Hospitals.

## HEALTH CARE EXPENDITURE BY AREA 1994 & 2004

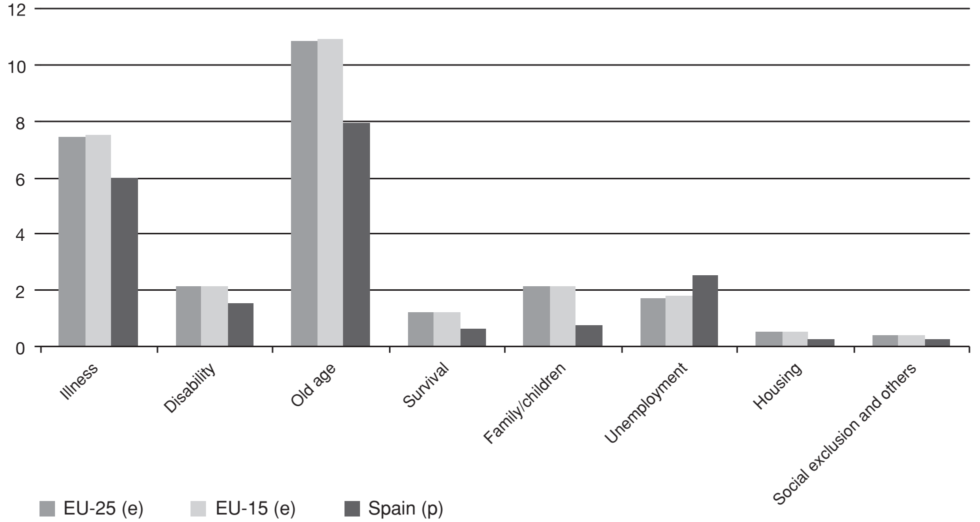
(Million euros)

| Functional classification | 1994 | 2004* |
|---|---|---|
| Hospital and specialised services | 13,139,534 | 24,284,102 |
| Primary health care | 3,737,315 | 7,134,956 |
| Public health services | 238,951 | 565,379 |
| Collective health services | 736,305 | 1,240,033 |
| Pharmacy | 4,050,315 | 10,238,647 |
| Transfer, prosthesis and therapeutic equipment | 364,776 | 796,482 |
| Capital expenditure | 594,477 | 1,744,693 |
| Total consolidated expenditure | 22,861,673 | 46,004,290 |

(*) Provisional figures.
Source: Ministry of Health and Consumer Affairs, *Estadística del gasto sanitario público (Statistics on public healthcare expenditure)*, 2004.

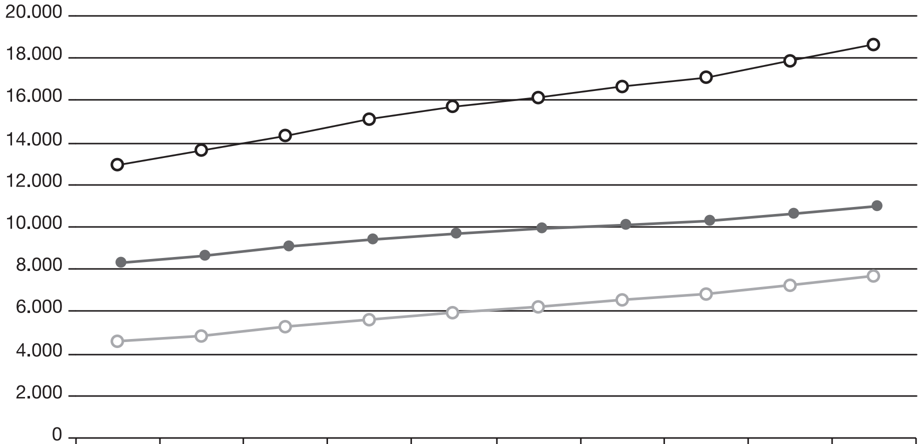
## EXPENDITURE ON SOCIAL PROTECTION BY AREA IN SPAIN AND THE EU, 2004

(As a percentage of GDP)




(e) Estimation; (p) Provisional.
Source: Eurostat, *European social statistics: Social protection*, Expenditure data.

## NEW SOCIAL SECURITY CONTRIBUTORS, BY SEX, 1997-2006

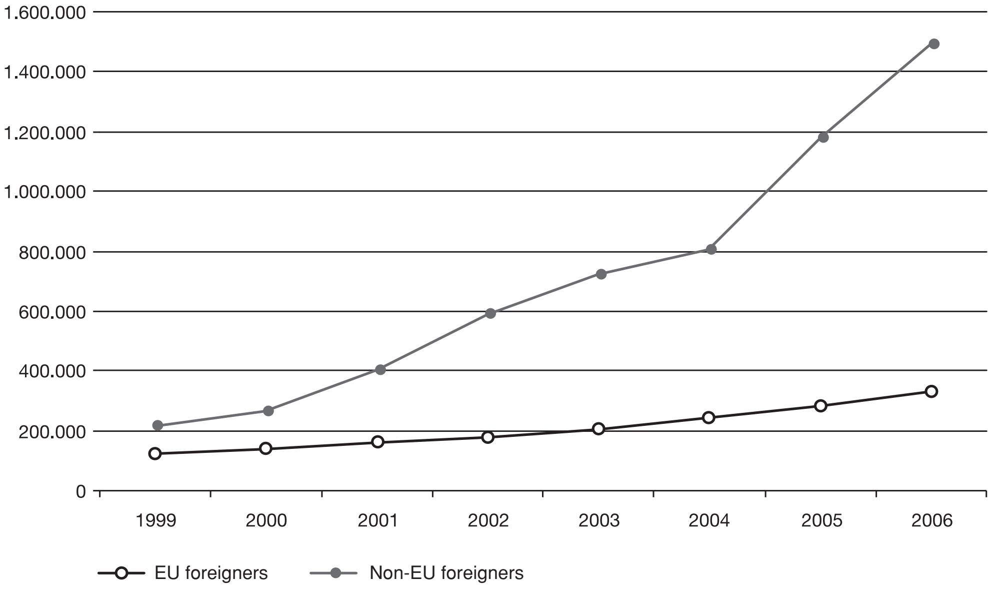



| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total | 12.932,1 | 13.591,0 | 14.344,9 | 15.062,9 | 15.649,9 | 16.126,3 | 16.613,6 | 17.081,8 | 17.835,4 | 18.596,3 |
| Males | 8.281,1 | 8.660,9 | 9.066,0 | 9.409,6 | 9.669,6 | 9.873,0 | 10.088,4 | 10.276,9 | 10.606,1 | 10.955,1 |
| Females | 4.573,9 | 4.863,5 | 5.221,9 | 5.604,8 | 5.940,3 | 6.225,1 | 6.524,2 | 6.804,1 | 7.228,7 | 7.640,9 |

Total   Males   Females

Source: MTAS, *Boletín de Estadísticas Laborales (Employment Statistics Newwletter).*

## EVOLUTION OF FOREIGN CONTRIBUTORS TO SOCIAL SECURITY BY ORIGIN, 1999-2006




Source: MTAS, *Boletín de Estadísticas Laborales (Employment Statistics Newsletter).*

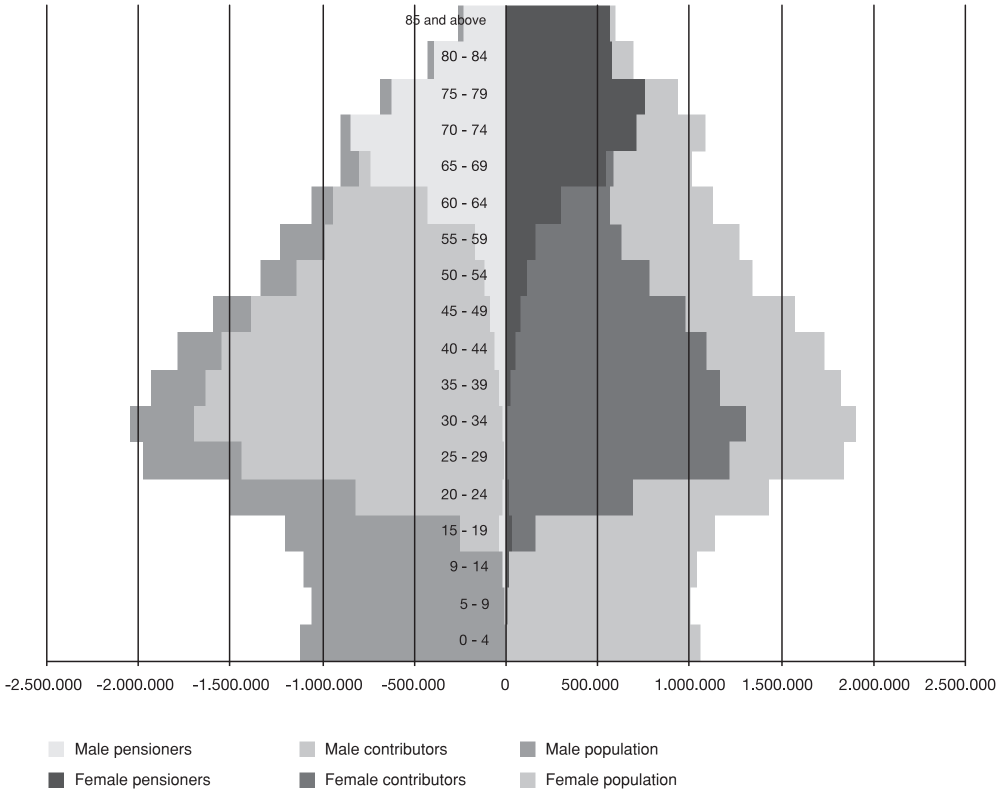
## SITUATION OF THE SOCIAL SECURITY RESERVE FUND

(Million euros)

| Social Security Reserve Fund | Million euros |
|---|---|
| Allocation per year | |
| 2000 | 601.01 |
| 2001 | 1,803.05 |
| 2002 | 3,575.00 |
| 2003 | 5,493.86 |
| 2004 | 6,700.00 |
| 2005 | 7,000.00 |
| 2006 | 7,500.00 |
| Total allocations | 32,672.92 |
| Surpluses by Mutual Accident and Illness Insurance Companies | 66.92 |
| Net yield at 31 December 2006 | 3,139.41 |
| **Total Fund (31/12/2006)** | **35,879.25** |

Source: MTAS, Secretary of State for Social Security, *Fondo de Reserva de la Seguridad Social. Evolución, actuaciones del año 2006 y situación a 31-12-2006. Informe a las Cortes Generales (Social Security Reserve Fund. Evolution, actions in 2006 and situation at 31.12.2006. Report to Parliament).*

## STRUCTURE OF THE POPULATION BY SEX, AGE GROUP AND RELATIONSHIP TO THE SOCIAL SECURITY SYSTEM, 2006




Sources: In-house data based on INE, *Explotación del padrón de habitantes (Exploitation of the Population Register)* and Secretary of State for Social Security.

## EVOLUTION OF EXEPENDITURE ON MAIN ECONOMIC BENEFITS, 2005-2006

(Obligations recognised in the financial year. Mililon euros)

| Type of benefit | 2005 | 2006 | Increase % |
|---|---|---|---|
| Contributory pensions | 68,967.00 | 73,741.00 | 6.9 |
| Invalidity | 8,346.34 | 8,933.73 | 7.0 |
| Retirement | 45,482.15 | 48,860.00 | 7.4 |
| Widows | 13,937.89 | 14,691.61 | 5.4 |
| Orphans | 1,001.93 | 1,048.84 | 4.7 |
| Pension for family members | 199.64 | 207.62 | 4.0 |
| Non contributory | 1,848.77 | 1,905.31 | 3.1 |
| Invalidity | 842.40 | 871.09 | 3.4 |
| Retirement | 1,006.37 | 1,034.22 | 2.8 |
| Pension for family members | 900.33 | 935.20 | 3.9 |
| Others | 145.25 | 137.34 | –5.4 |
| Other benefits | 8,274.97 | 8,999.82 | 8.8 |
| Temporary disability | 6,427.26 | 6,942.70 | 8.0 |
| Maternity and risk during pregnancy | 1,303.42 | 1,475.46 | 13.2 |
| Other subsidies and benefits | 544.29 | 581.66 | 6.8 |

Source: MTAS, Secretary of State for Social Security. Audit Office. *Ejecución del presupuesto de gastos. Ejercicio 2006 (Implementation of the expenditure budget, FY 2006)* accumulated to the end of December. Prepared on the basis of data from management companies, common services and mutual societies of the social security system.

## NUMBER OF NEWLY RETIRED PEOPLE, TOTAL IN SYSTEM

(Excluding Compulsory Elderly and Disability Insurance [SOVI])

| Category | 2003 | | 2004 | | 2005 | | 2006 | |
|---|---|---|---|---|---|---|---|---|
| | Number | % | Number | % | Number | % | Number | % |
| Early retirement | 76,292 | 43.8 | 86,265 | 49.6 | 89,667 | 42.0 | 98,350 | 46.5 |
| –With reduction coefficient | 57,228 | 32.9 | 58,740 | 33.8 | 57,609 | 27.0 | 59,655 | 28.2 |
| =<60 years | 30,504 | 17.5 | 28,767 | 16.5 | 27,727 | 13.0 | 14,736 | 12.4 |
| 61 years | 6,419 | 3.7 | 7,850 | 4.5 | 8,145 | 3.8 | 4,963 | 4.2 |
| 62 years | 7,226 | 4.2 | 7,098 | 4.1 | 8,058 | 3.8 | 4,980 | 4.2 |
| 63 years | 8,171 | 4.7 | 7,273 | 4.2 | 7,190 | 3.4 | 4,634 | 3.9 |
| 64 years | 4,908 | 2.8 | 7,752 | 4.5 | 6,489 | 3.0 | 3,641 | 3.1 |
| –Without reduction coefficient | 3,398 | 2.0 | 4,491 | 2.6 | 4,943 | 2.3 | 4,834 | 2.3 |
| –Special at 64 years of age | 4,799 | 2.8 | 7,294 | 4.2 | 6,187 | 2.9 | 6,052 | 2.9 |
| –Partial | 10,867 | 6.2 | 15,740 | 9.1 | 20,928 | 9.8 | 27,809 | 13.1 |
| Retirement >=65 years | 97,788 | 56.2 | 87,710 | 50.4 | 123,839 | 58.0 | 113,311 | 53.5 |
| **Total retirements** | **174,080** | **100.0** | **173,975** | **100.0** | **213,506** | **100.0** | **211,661** | **100.0** |

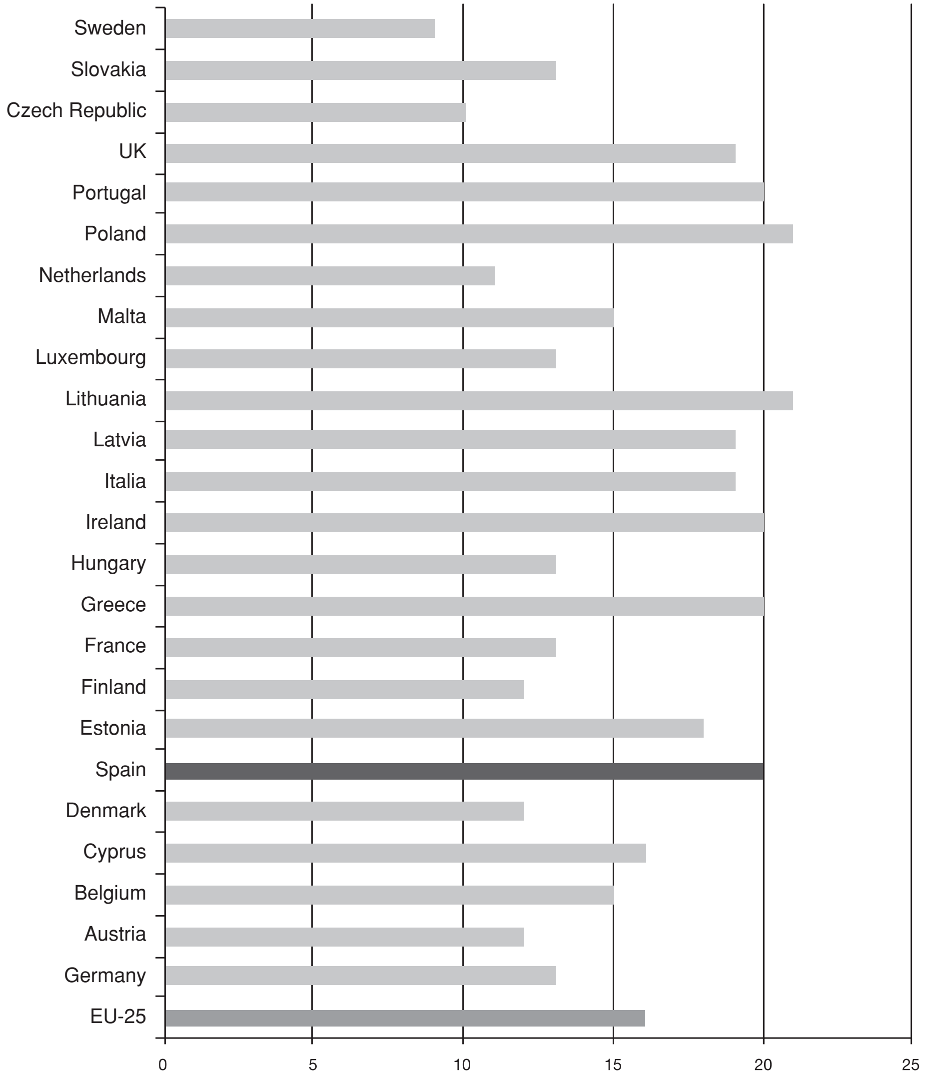
(Note) The data broken down by ages (in italics) refer to new pensioners up to July 2006.
Source: Ministry of Employment and Social Affairs.

## NUMBER OF PENSION PLANS REGISTERED AND NUMBER OF PARTICIPANTS, 2002-2006

| Pension plans | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|
| **Occupation Plans** | | | | | |
| No. of plans registered | 1,683 | 1,787 | 1,860 | 1,884 | 1,913 |
| Participants | 647,316 | 711,561 | 1,263,643 | 1,795,803 | 1,721,944 |
| **Associated Plans** | | | | | |
| No. of plans registered | 240 | 243 | 242 | 240 | 234 |
| Participants | 122,142 | 133,942 | 107,355 | 91,709 | 92,418 |
| **Individual Plans** | | | | | |
| No. of plans registered | 852 | 918 | 1,018 | 1,092 | 1,142 |
| Participants | 5,735,686 | 6,339,518 | 6,931,740 | 7,561,610 | 8,309,859 |
| **Total** | | | | | |
| No. of plans registered | 2,775 | 2,948 | 3,120 | 3,216 | 3,289 |
| Participants | 6,505,144 | 7,185,021 | 8,302,738 | 9,449,122 | 10,124,221 |

* Estimated figures.
Source: MEH, Insurance and Pension Funds Department, *Planes y Fondos de Pensiones: Informe Estadístico, 2006 (Pension Plans and Funds: Statistical Report 2006).*

## RISK OF POVERTY AFTER SOCIAL TRANSFERS IN THE EU-25, 2005




Source: Eurostat, *Structural Indicators.*

## SOME INDICATORS OF INTEGRATION OF IMMIGRANTS

| Years | (1) Population from abroad | | (2) Nacionali-sations | (3) Mixed marriages | | (4) Births of foreign father or mother | | (5) Foreign students (non-university teaching) | |
|---|---|---|---|---|---|---|---|---|---|
| | Authorised residents (at 31 December) | Foreigners in the population register (at 1 January) | | Absolute figures | % of total marriages | Absolute figures | % of total births | Absolute figures | Foreigners per 1,000 students |
| 1996 | 538,984 | 542,314 | 8,433 | 9,198 | 4.7 | 16,449 | 4.5 | 57,406 | 7.5 |
| 1997 | 609,813 | – | 10,310 | 9,115 | 4.6 | 19,126 | 5.2 | 63,044 | 8.3 |
| 1998 | 719,647 | 637,085 | 13,177 | 10,411 | 5.0 | 20,706 | 5.7 | 72,335 | 9.9 |
| 1999 | 801,329 | 748,954 | 16,384 | 11,259 | 5.4 | 24,486 | 6.4 | 80,587 | 11.0 |
| 2000 | 895,720 | 923,879 | 11,999 | 11,794 | 5.4 | 31,319 | 7.9 | 107,303 | 14.9 |
| 2001 | 1,109,060 | 1,370,657 | 16,743 | 14,094 | 6.8 | 40,985 | 10.1 | 141,916 | 19.9 |
| 2002 | 1,324,001 | 1,977,946 | 21,810 | 18,460 | 8.7 | 52,740 | 12.6 | 207,112 | 29.5 |
| 2003 | 1,647,011 | 2,664,168 | 26,556 | 26,082 | 12.3 | 63,591 | 14.4 | 309,058 | 44.2 |
| 2004 | 1,977,291 | 3,034,326 | 38,335 | 30,930 | 14.3 | 73,457 | 16.2 | 402,116 | 56.9 |
| 2005 | 2,738,932 | 3,730,610 | 42,829 | 29,604 | 14.2 | 82,296 | 17.6 | 459,291 | 64.8 |
| 2006 | 3,021,808 | 4,144,166 | – | – | – | – | – | 529,461 | 74.0 |

Sources:

(1) Foreigners with residence permits at 31 December: MTAS, Secretary of State for Immigration and Emigration, *Informes Estadísticos*.
(2) MTAS, Secretary of State for Immigration and Emigration, *Anuarios Estadísticos (Statistical Yearbook)*.
(3) & (4) INE, *Movimiento Natural de la Población (Natural movement of the population)*.
(5) Foreign students: MEC. *Estadísticas de las Enseñanzas no universitarias (Statistics on non-university education)*.