

Spain - Economic forecast summary (May 2012)

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The economy is projected to continue contracting throughout 2012, as budgetary consolidation and deleveraging in the private sector weigh on domestic demand. Expanding world trade and competitiveness gains will allow for stronger export growth. Real GDP is expected to fall by 1½ per cent in 2012 and then by a further ¼ per cent in 2013. The unemployment rate will rise above 25%. The budget deficit is projected to fall from 8.5% of GDP in 2011 to 3.3% in 2013.

To strengthen credibility, a medium-term plan with permanent deficit-reducing measures should be introduced, including higher VAT revenues and stronger environmental taxation, and measures to control regional government deficits need to be fully implemented. Comprehensive labour market reform is expected to boost employment prospects in the medium term. Access of unqualified young unemployed to vocational education and training should be widened and job placement services should be reformed. The difference in the cost of dismissing workers on new permanent and temporary contracts should be reduced further, moving closer to a unified contract.

Spain: Demand, output and prices

	2008	2009	2010	2011	2012	2013
	Current prices € billion	Percentage changes, volume (2008 prices)				
GDP at market prices	1 087.7	-3.7	-0.1	0.7	-1.6	-0.8
Private consumption	622.4	-4.3	0.8	-0.1	-2.9	-1.8
Government consumption	212.0	3.7	0.2	-2.2	-7.7	-4.5
Gross fixed capital formation	312.0	-16.6	-6.3	-5.1	-9.3	-2.4
Final domestic demand	1 146.4	-6.1	-1.0	-1.7	-5.2	-2.5
Stockbuilding ¹	4.6	0.0	0.0	0.0	-0.1	0.0
Total domestic demand	1 151.0	-6.2	-1.0	-1.7	-5.3	-2.5
Exports of goods and services	288.2	-10.4	13.5	9.0	3.1	5.7
Imports of goods and services	351.5	-17.2	8.9	-0.1	-9.2	0.8
Net exports ¹	- 63.3	2.8	0.9	2.5	3.7	1.6
Memorandum items						
GDP deflator	—	0.1	0.4	1.4	0.5	1.4
Harmonised index of consumer prices	—	-0.2	2.0	3.1	1.6	2.1
Private consumption deflator	—	-1.2	2.4	3.2	2.1	2.1
Unemployment rate	—	18.0	20.1	21.6	24.5	25.3
Household saving ratio ²	—	13.0	7.7	5.7	5.0	6.9
General government financial balance ³	—	-11.2	-9.3	-8.5	-5.4	-3.3
General government gross debt ³	—	62.9	67.1	75.3	87.9	90.9
General government debt, Maastricht definition ³	—	53.9	61.2	68.5	81.1	84.1
Current account balance ³	—	-4.8	-4.5	-3.5	-0.9	0.1

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook Sources and Methods* (<http://www.oecd.org/eco/sources-and-methods>).

1. Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.

2. As a percentage of disposable income.

3. As a percentage of GDP.

Source: OECD Economic Outlook 91 database.

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