



SPECIAL REPORT

Resolutions of the Debate on the State of the Nation: the economic path for 2013

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1. INTRODUCTION

Mariano Rajoy is chairing his first Debate on the State of the Nation as President of the Government. This debate will take place between the 20th and the 26th of February 2013. During the first two days, the debate is focused on the President and the Parliamentary Spokespeople. Once this debate is finished, the Congress groups are welcomed to present their different resolution proposals, which shall be the guide offered to the Government to be followed during the next year. **This guide not only includes political recommendations but also economic measures.**

Voting on the proposals usually takes place on Friday; but this year it will be held on the Tuesday of the following week. This change means proposals now have a greater impact since they used to be so close to the debate that they were almost unnoticed. **The Parliamentary groups have presented 105 resolution proposals (15 each Group).** Taking into account the current situation of the Spanish Parliament (absolute majority) there is no doubt the adopted proposals will belong to the PP party. However, there might be other resolutions from other parties that could also be adopted. In order to gain more support in the Congress, the PP can also adopt its own initiatives.

Here we present some proposals showing the support of the Government's party to the measures announced by the President during the debate with the Spokespersons, as well as their proposed initiatives to broaden and complete such measures and therefore obtain a more specific policy (defended by their leader). In this document, we can also read some of the alternatives proposed by the opposition, which clearly show a difference with the majority group. **The provided analysis of the different proposals will enable us to understand the political and economic debate for the next twelve months.**

Below we present the proposals of each Parliamentary Group, which show their economy priorities for this year. There are certain issues that are common for several groups: tax evasion and corruption, supporting entrepreneurs, energy and R+D+I (research, development and innovation).

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2. PP GROUP

The PP presents in the Congress 15 different proposals to be debated and adopted. A number of these proposals aim to support the words of the President during the debate regarding tax consolidation, fighting corruption, the strategy for entrepreneurship and youth employment, or helping business to financing. Some specific measures are the following:

- There is a **proposal on fiscal support for the business' growth**. It offers up to a 10 % reduction on the Corporate Income Tax for companies with a business volume lower than €10 million and which reinvest their benefits on their business activity.
- A proposal of a 15 % deduction from the IRPF tax (personal income tax) and 50 % exemption of the capital gain for those **individual investors** who temporarily take part of new-born business.

To reinforce Rajoy's announcement on a **VAT deferral**, there is a proposal to apply it to freelancers and SMEs with a business volume lower than 2 million per year.

The PP group has asked the Commission to strengthen the efforts for a reform on Public Administrations. Through the debate in the Commission of the Toledo Pact, the group is also asking the Government to set a concrete definition of the **sustainability**

factor of the pension system taking into account current variables such as life expectancy. They also propose a bill to regulate the **Labor-Related Accidents and Diseases Insurance Companies** in order to improve their collaboration with the Social Security.

There are other proposals to **restructure the mortgage debt** in cases where the debtor cannot meet the payments and also a proposal to boost the Social Housing Fund, which targets people who were evicted from their normal houses after January 1, 2008.

Regarding the energy policy, they propose a deep **reorganization to make the electric system sustainable** and the implementation of a tax on crude oil extraction, assigning its incomes to finance Autonomous Communities and Local Entities close to the field.

There is a specific proposal on the resolution for sciences policies. It aims to reach an agreement with the other parties to sign a **National Science Agreement**, which will make public financing to research sustainable and boost business innovation.

Regarding agriculture and the negotiations for the reform of the **CAP**, the group asks the Government to: defend direct payments based on the different productive potential of Spanish regions, exclude those who are clearly not in the agricultural business and avoid the requirement of environmental

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good practices that imply a decrease on production.

As for the environment, we must highlight two different proposals: boosting a low-carbon economy to reduce the emission of greenhouse gases in Spain; and legislation for the coastline taking into account the owners’ legal security, aiming to simplify procedures and protecting the coast.

3. SOCIALIST GROUP

The socialist group will present 15 proposals showing a clear difference when compared to the policies that the current Government is carrying out. It constantly calls for agreements through dialogue among the different parties and the social agencies.

The group has asked the Government to follow this process for the **Law on Foreign Activities of the State**; they also want Spain to keep its humanitarian aid mechanisms, the implementation of a **Tax on Financial Transactions** to finance social policies, and a **regulation for arms trade** in order to avoid their use on human rights violations.

According to Alfredo Pérez Rubalcaba’s announcements during the debate, the socialist group proposes the creation of a **State Emergency Fund** for families and socially excluded people. Such Fund would need to stand a €1 million. They also propose that social provisions cannot be seized.

The group insists on recovering the amount of the economic aid set by the Disability Law and also propose to **allocate 1% of the Personal Income Tax (PIT)** of those taxpayers willing to declare it for activities of social interest.

Regarding **agriculture**, the PSOE wants to guarantee the success of the Spanish Rural Development Program to be eligible for European funds. It insists on including, in the bill, measures to help the development of the food chain and achieve a parliamentary consensus aiming to **strengthen producers**. It offers financing the modernization of the farming sector and guaranteeing the dairy sector to be a target for economic aids from 2014 to 2020. As for fishing, the PSOE asks for economic aids for fleets that have temporarily stopped, more support for artisan fishing, higher investment on R+D+I and greater aid to aquaculture.

As for the **energy model**, the PSOE presents several proposals: boost the role of the energy regulator as an independent organism; set a plan to reduce carbon emissions and the energy dependence; restore judicial security and **support the sector of renewable energies**; **introduce new competitors to the Spanish electrical market to improve competition**; **carry out an audit on costs in the electrical system**; **remove specific costs from the electric bill** such as the cost related to **social and territorial policies** and include them on the General State Budget; transpose the European directives on energy efficiency in buildings and also

protect our own energy resources such as the coal mining.

As for the **environment**, one of the objectives is to recover sustainability as a key point for the economic development fighting the climate change and boosting biodiversity. They propose to pass a new **Law to fight climate change** which will enable a reduction in carbon emissions and which will also boost a new sustainability mobility model. Such a Law would also force the allocation of benefits relating to carbon emission rights and policies fighting climate change. The groups also insist on revoking the Coastline Law since they consider it leaves the environment defenseless and conclude the pending demarcation. In order to preserve biodiversity, they propose to reinforce the protected areas, which belong to the “Red Natura 2000”, and to protect forest heritage banning its privatization. As for water, they defend the protection of river ecosystems and refuse the trade of concessionary rights between individuals.

All the socialist proposals are in accordance with the words of their Spokesperson regarding a fiscal reform to increase the Spanish tax base; the creation of a specific office to fight fraud; to provide tax inspectors with all the possible information concerning the people and entities protected by tax amnesty; create a **Parliament Budgetary Office** and increase, up to an extra €80 million, the budget of the Canary Comprehensive Plan for Employment.

The PSOE is asking to allocate the same percentage of the GDP set by the EU average to R+D+I. It also proposes to expand the **“PIVE plan”** (a State’s measure to help with cars purchases) and **direct it to energy-efficient vehicles**. It asks that the Government maintains the centers of the Shipyard company in Cadiz bay and to **consolidate the industrial sector of defense** by achieving viability for the company “Santa Bárbara” and boosting R+D+I.

Regarding **tourism**, the socialist group is against a privatization of the “Paradores Nacionales” and asks to restore the subsidies for social tourism carried out by the IMSERSO (Spanish Institute for Elderly and Social Services) and a reduction on harbor dues (among other measures).

Among the proposals concerning infrastructures, they ask that **rail freight transport be prioritized as part of the Trans-European Rail Freight Network**; increase 2% of its patrimonial value of the budget for the preservation of roads; **take action in the disputes of Iberia and Orizonia**; reject the maximum limit on the transportation benefit for residents in the Canary Islands, Ceuta and Melilla; free the implementation of the collective agreement on State’s Harbors and not change the personnel of any subsidiary company of the Ministry of Public Works and Transport without an agreement with the trade union.

Other proposals in accordance with Rubalcaba are to

allocate 50% of the benefits from fighting fiscal fraud to unemployment and increase resources for training and active unemployment policies. After having reached an agreement on a moratorium for those dismissals related to economic reasons, the socialist group wants now to allocate €4,000 million to help those companies committed to maintaining employment. As for youth employment and training strategy, there is a budget of €3,000 million per year for, at least, 4 years. Moreover, they propose to open social dialogue to set a new labor framework and meanwhile revoke the most damaging aspects of the labor reform. They defend a labor model based on the agreement reached at the beginning of 2012 by social agents with an important influence of the collective agreements and based on the collective bargaining.

Among other measures in the area of education, the socialists propose a **State Plan to boost vocational training** creating 200,000 new vacancies in those areas demanded by the market. They also support the German dual system, combining studies with a job contract.

Regarding foreclosures, the group proposes an approach based on the framework of a popular initiative against evictions. They also propose a **change on the mortgage law** and finding a solution for over-indebtedness of families and people. It also asks the Government to **stop all foreclosure processes as well as**

the interests on arrears until the effective date of the new law.

The proposal concerning **business financing** offers some ideas such as the transformation of the Official Credit Institute (Spanish ICO) into a Public Credit Agency to channel new financing; create a Public Fund of more than €20,000 million to finance business in 2013; create an alternative Fixed Income Market for SMEs to obtain non-banking financing, and boost bigger companies by reducing by 50% the corporate tax rate for a new company coming from a merger and with less than 50 employees as far as it works for at least 8 years.

The socialist group is against any privatization in the health sector regarding hospitals and public health centers and requests its reversion. They also ask for the **derogation of the medicine co-payment and defend the auctioning process for the medicine supply** to the public health system. They also want a national campaign to control the labeling and the composition of prepared meat products. In this area they also ask for the resignation of Minister Ana Mato.

With regards to **European policies**, the socialist group is against the Financial Framework passed by the European Council. It asks the President to explain in detail the agreement adopted and defend a single bank monitoring mechanism as well as a unique deposit guarantee scheme. It also asks for greater control of the private rating

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agencies and a debt “mutual fund” by issuing Eurobonds. It also proposes to expand in 5 years the 3% public deficit objective, the implementation in the Stability Pact of new growth incentives; a European unemployment insurance program; the Financial Transaction Tax; the immediate removal of bank secrecy; the European list for tax havens or the compulsory European registration of trust among other measures. In order to achieve an economic development, it finally proposes to gradually increase the Community Budget until it reaches 3% of the GDP of the EU and to allocate it to R+D+I programs, clean technologies and support to SMEs and infrastructures.

In the context of gender inequalities, the socialist group asks the Government to set a **Labor Plan for women** with specific measures for them and the **extension of the paternity leave**. Other proposals are the **modification of retirement pensions regarding part-time contracts**, which are now discriminatory, and the recovery of the state **financing of the Agreement for caretakers**, amongst other measures.

As for the measures to fight corruption, the party presents some proposals following the same path as its leader Rubalcaba. It proposes the creation of an Independent Commission to carry out a report on corruption in Spain; a project to reform the Spanish Criminal Code to increase the sentence for corruption

crimes; assign exclusive competence to the National High Court in corruption cases; ban sentenced companies related to corruption to work with Public Administrations; a revision of the splitting of a contracts scheme in the public sector; restrict the agreed process without advertisement; forbid companies’ donations to political parties; create an Anti-corruption department of the National State Administration; provide the Court of Audit with greater tools to monitor the parties financing; include all entities with at least 40% of public financing into the Transparency Law and set a single model for the goods declarations, activities and interests of public offices.

4. CATALAN GROUP CIU

The first proposal of the Catalan Parliamentary Group is to carry out a referendum in Catalonia so citizens have a word on their future.

In the same sense of the first proposal, some of them ask for **greater autonomy of the different communities, a higher percentage of the budget and a reduction on the pressure regarding the established deficit objective**.

The Catalan Group believes it is highly necessary to establish an emergency plan to **create and maintain employment**. This plan should extend subsidies bonuses for businesspersons and improve incentives.

On the other hand, the group proposes to **boost production with sectoral and cross-sectoral policies including the promotion**

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of R+D+I as a key tool to reactivate the production and improve competitiveness. Such measures will lead to a change on the production model; will promote the business internationalization (especially SMEs) and will also mean a **fiscal, financial, labor and administrative thrust** for entrepreneurs. It will encourage the creation, growth and consolidation of small and medium-sized companies.

They also warn about the need of **in both, the short and the long term**. It will help to solve the tariff deficit and to **reduce the energy dependence without excluding any of the available resources**. This policy should take cogeneration as a key factor for the industrial competitiveness, understand the biomass as an energy source and set a strategy to support renewable energies.

CiU believes that it is necessary to develop an economic model based on three different pillars. As for the industry, measures should be adopted to reactivate it by supporting R+D+I and looking for alternatives on relocation processes. As for the second pillars of the economic model, tourism, the group proposes a regulation on the intellectual property and a modernization of the airport taxes. Regarding commerce, it should be based on the respect for the autonomic competences regarding business schedules.

Among other measures, the Catalan Group proposes a **reduction on the defense spending**, improving the education quality and the

defense of the culture. Regarding culture, CiU calls on a revision on the **cultural VAT**, a bill to reform the **Cultural Sponsorship Law** (especially focusing on tax incentives) and financing cultural institutions in Barcelona.

As for the **primary sector of the economy** and in the CAP framework, CiU has asked the Government to take some measures to avoid the loss of crops and reach a proper agreement on the CAP suitable for the singularities of the Spanish agriculture and the specific conditions of each community.

The last requests of the Catalan group are **higher public investment on the Catalan production**, the construction of the Mediterranean rail freight transport and the access to the main logistic methods, the conclusion of the fourth ring road of Barcelona (amongst other infrastructures) and a new airports management model which includes the participation of the communities.

5. BASQUE GROUP EAJ-PNV

A great number of the measures proposed by the Basque group include the **transfer of competences** to the Basque Autonomous Community. Among those competences can be found highways under concession; lines, infrastructures and services related to railway transportation; and the exclusive competence on penitentiary structures and policies. They set a 3-months

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period to transfer the competences related to passive policies. They specifically mention social security and the management of unemployment benefits.

They also ask the Government to activate different mechanisms in order to boost **the logistic platforms of Jundiz and Arasur** as well as to review the **viability plan for the Foronda airport** in order to be considered part of the logistic infrastructures of commodities.

A key point for the PNV is **to invest on R+D+I**. They consider it an essential pillar for production, which can be clearly seen on the efforts done by the Basque Country in this area. Therefore, the group asks to recover the investment levels before the crisis and to increase the budget to €2,000 million coming from the redeployment of less important issues.

As well as the other groups in the Parliament, the PNV proposes a **plan to boost youth employment**. Such plan should be based on the inclusion of the students as working partners, their participation in cooperative and working societies, boosting Mutual Guarantee Societies, a certifiable education, an update regarding the ICT field and dual education.

To finish with, the PNV asks the Government to take the necessary measures for the Autonomous Communities to receive the necessary funds to develop the **Disability Law** in their territories.

6. GROUP UPYD

One of the main objectives for this group has been the reform of the **Electoral Law**. For this reason, one of their first proposals is a resolution based on a change on the constituencies (among other measures). Moreover, it also proposes a change on the Law of Parties which aims to increase the intern democracy and a higher transparency concerning the parties' financing.

Those measures concerning political corruption include a proposal on a change of the bill of the Transparency Law. The party sees several deficiencies such as its scope of action, the lack of independence from the controlling organs or its legal nature. For that matter, the group proposes to include a transparent and rational general scheme of emoluments of political offices. Such scheme is based on the offices' responsibilities guaranteeing the legal independence on the electing methods and the separation of powers.

In a different context, the group proposes a regulation called **“Second Opportunity”**. This proposal is related to **the mortgage market** and it would be available for those with an unaffordable mortgage debt and choose the formula of nonrecourse debt payment.

The group UPyD proposes a change on the Organic Law 2/2012 of April 27 on

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Budget Stability and Financial Sustainability concerning the other Autonomous Communities. This change requests greater responsibilities from the Communities in the event of a breach of the legal regime as well as greater conditions.

The group considers the state saving banks responsible for the deterioration of the fiscal balance and also for hiding the entities problems. Therefore, they ask them for greater responsibilities and a full refund of the benefits coming from the inappropriate preferences shares.

The last proposal of this group is a labor reform based on the indefinite contract as the only possibility, improving the conditions of unemployed people by providing a longer coverage period and the launching of a

Labor Strategy for elderly workers according to the European Commission recommendations.

7. OTHER GROUPS

Proposals inside this parliamentary group are varied and numerous.

The group “Izquierda Plural” (left wing) formed by “Iniciativa per Catalunya” and the “Chunta Aragonesista” focus their proposals on social issues. They also ask for a change on economic, transport and environment policies.

Those parties who belong to the Mixed Group focus their proposals on their own territories. We must bear in mind that this group includes autonomic parties such as the Canary Coalition, Amaiur, ERC or the Galician Nationalist Bloc.

AUTHORS



Joan Navarro, Partner and Vice-president of Public Affairs of LLORENTE & CUENCA. Joan is a specialist in political communication and has been Director of the Cabinet of the Public Affairs Minister (2004-2006), Director of Communication and Institutional Relations of the State Society ACUAMED (2006-2008) and Director and Spokesman of the Creators Coalition (2008-2009). He works as a professor in centres such as the INAP, the Instituto Ortega y Gasset or the Universidad Camilo José Cela. In 2009 he was considered one of the 100 most influential personalities by the magazine El País Semanal. Joan is a Graduate in Sociology by the Universidad Nacional de Educación a Distancia (UNED) and in Senior Management Program (PADE) by the IESE.

jnavarro@llorenteycuenca.com



Cristobal Herrera, Senior Consultant of Public Affairs of LLORENTE & CUENCA. He works as a parliamentary consultant and political analyst given his more than five years of experience working for the parliamentary groups in the Congress of Deputies and, before, in import companies in dialogue with both the European and Spanish institutions. Cristobal is a Graduate in Political Science in the Universidad Complutense de Madrid and has a specialized course in Public Affairs by the University of Hull (United Kingdom) and a Master in International Trade by CESMA-Escuela de Negocios.

cherrera@llorenteycuenca.com

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Organisation

CORPORATE MANAGEMENT

José Antonio Llorente
Founding partner and Chairman
jalorente@llorenteycuenca.com

Enrique González
Partner and CFO
egonzalez@llorenteycuenca.com

Jorge Cachinero
Corporate Director for Innovation
jcachinero@llorenteycuenca.com

SPAIN AND PORTUGAL

Arturo Pinedo
Partner and Managing Director
apinedo@llorenteycuenca.com

Adolfo Corujo
Partner and Managing Director
acorujo@llorenteycuenca.com

Madrid

Joan Navarro
Partner and Vice-President of Public Affairs
jnavarro@llorenteycuenca.com

Amalio Moratalla
Partner and Senior Director
amoratalla@llorenteycuenca.com

Juan Castellero
Financial Director
jcastillero@llorenteycuenca.com

Lagasca, 88 – planta 3
28001 Madrid (Spain)
Tel. +34 91 563 77 22

Barcelona

María Cura
Partner and Managing Director
mcura@llorenteycuenca.com

Muntaner, 240-242, 1º-1ª
08021 Barcelona (Spain)
Tel. +34 93 217 22 17

Lisbon

Madalena Martins
Founding Partner
mmartins@llorenteycuenca.com

Carlos Matos
Founding Partner
cmatos@llorenteycuenca.com

Rua do Fetal, 18
2714-504 S. Pedro de Sintra (Portugal)
Tel. + 351 21 923 97 00

LATIN AMERICA

Alejandro Romero
Partner and Latin American CEO
aromero@llorenteycuenca.com

José Luis Di Girolamo
Partner and Latin American CFO
jldgirolamo@llorenteycuenca.com

Antonio Lois
Regional Director of Human Resources
alois@llorenteycuenca.com

Bogota

María Esteve
Managing Director
mesteve@llorenteycuenca.com

Germán Jaramillo
Chief Executive
gjaramillo@llorenteycuenca.com

Carrera 14, # 94-44. Torre B – of. 501
Bogota (Colombia)
Tel. +57 1 7438000

Buenos Aires

Pablo Abiad
Partner and Managing Director
pabiad@llorenteycuenca.com

Enrique Morad
Chief Executive for the Southern Cone
emorad@llorenteycuenca.com

Av. Corrientes 222, piso 8. C1043AAP
Ciudad de Buenos Aires (Argentina)
Tel. +54 11 5556 0700

Lima

Luisa García
Partner and CEO of the Andean Region
lgarcia@llorenteycuenca.com

Cayetana Aljovín
General Manager
caljovin@llorenteycuenca.com

Av. Andrés Reyes 420, piso 7
San Isidro. Lima (Peru)
Tel. +51 1 2229491

Mexico

Juan Rivera
Partner and Managing Director
jriviera@llorenteycuenca.com

Bosque de Radiatas # 22 – PH7
05120 Bosques las Lomas (México D.F.)
Tel. +52 55 52571084

Panama

Javier Rosado
Partner and Managing Director
jrosado@llorenteycuenca.com

Avda. Samuel Lewis. Edificio Omega, piso 6
Panama City (Panama)
Tel. +507 206 5200

Quito

Catherine Buelvas
Managing Director
cbuelvas@llorenteycuenca.com

Av. 12 de Octubre 1830 y Cordero.
Edificio World Trade Center, Torre B, piso 11
Distrito Metropolitano de Quito (Ecuador)
Tel. +593 2 2565820

Rio de Janeiro

Yeray Carretero
Director
ycarretero@llorenteycuenca.com

Rua da Assembleia, 10 – sala 1801
Rio de Janeiro – RJ (Brazil)
Tel. +55 21 3797 6400

São Paulo

Juan Carlos Gozzer
Managing Director
jcgozzer@llorenteycuenca.com

Rua Oscar Freire, 379, CJ 111, Cerqueira César
CEP 01426-001 São Paulo SP (Brazil)
Tel. +55 11 3082 3390

Santiago de Chile

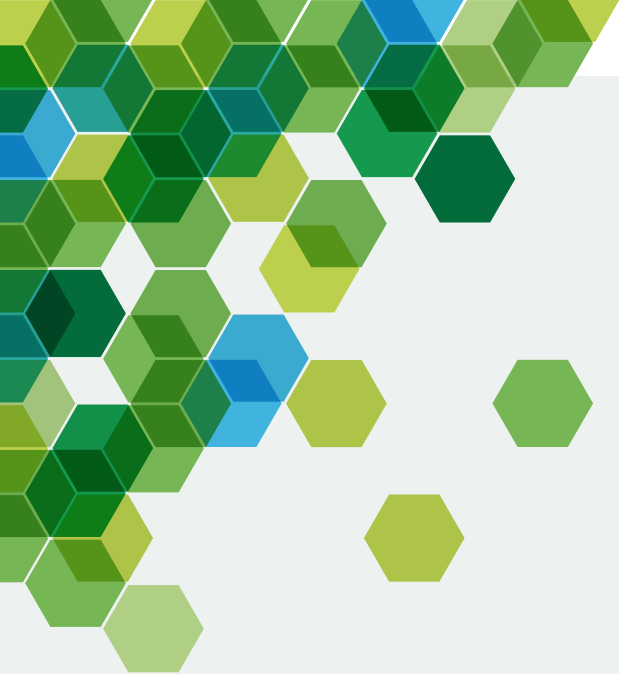
Claudio Ramírez
Partner and General Manager
cramirez@llorenteycuenca.com

Avenida Vitacura 2939 Piso 10. Las Condes
Santiago de Chile (Chile)
Tel. +56 2 24315441

Santo Domingo

Alejandra Pellerano
Managing Director
apellerano@llorenteycuenca.com

Avda. Abraham Lincoln
Torre Ejecutiva Sonora, planta 7
Santo Domingo (Dominican Republic)
Tel. +1 8096161975



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