

Beat: Business

Spain expected to grow 2.5% over the next four years

And unemployment down to 14%

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USPA NEWS - The Spanish Government on Friday approved functions referral to the Council of Ministers of the European Union and the European Commission on the updated stability program of Spain 2016-2019 and the National Reform Programme 2016 of Spain.

Every year in April, all Member States of the European Union must submit to the European Commission their National Reform Programmes (NRP) and their stability programs. The objective of this exercise is to coordinate national economic policies and achieve the objectives set for the European Union as a whole. This year, the Spanish Government said, "the situation is exceptional, given that the Government is acting," but this does not exempt compliance with European obligations to present both documents, in which the Government explains the recent developments of Spanish economy, the degree of progress in its reform agenda and meeting the specific recommendations made by the European Council in June 2015.

According to the Government, the Spanish economy will maintain an average growth rate of 2.5 percent over the next four years and more than 1.8 million jobs will be created, reaching almost twenty million employed in 2019, along with a decrease in unemployment in similar amount. "It is prudent and realistic projections that support and make the path of deficit reduction that puts the fiscal deficit below 3 percent next year and 1.6 percent of GDP in 2019 credible," said this Friday Finance Minister, Luis de Guindos.

Forecasts Stability Programme four years prolong economic growth and exit from the recession that began in 2013 after five years of decline in GDP and the destruction of nearly 3.5 million jobs. It is estimated that by the end of 2016 the level of income that had the Spanish economy at the beginning of the crisis and, from there, an average annual growth rate of 2.5 percent will be consolidated recover. "They are figures that will keep Spain at the forefront of economic growth and job creation among advanced countries. Regarding the partners of the Euro area, the forecast is that a positive differential of more than half a point in growth throughout these years will remain," minister De Guindos said.

Strength of the economy

The economic reforms -the work out, the financial restructuring and consolidation fiscal- behind the strength of the Spanish economy. The correction of macro economic imbalances and improving competitiveness resulting from the reforms "to cushion the impact on growth of a complex international environment. The Stability Programme projects a slight slowdown in the first two years, stemming mainly from external factors, such as doubts about China's growth, falling prices of raw materials and their effect in emerging countries, market volatility or depletion of the leeway for monetary policy," said the Spanish Government.

The sustained growth of the Spanish economy is expected until 2019 is based on domestic demand, whose contribution exceed an average of 2.5 points. Within domestic demand, investment will grow around 5 percent annual average, more strongly in the case of capital goods in construction. Private consumption will keep growth around 2.5 percent. The foreign sector will improve its contribution to GDP growth and will be in balance from 2018.

Both unemployment and employment prolong likewise the positive cycle that began two years ago and allow recovery project occupancy levels that had the Spanish economy before the crisis. By the end of 2019 is expected to reach nearly twenty million employed by an average annual growth rate of about 470,000 new jobs. The number of unemployed is estimated that it will drop around 1.8 million in four years and the unemployment rate down from 22.1 percent in 2015 to 14 percent expected for 2019.

Improvements in competitiveness and deleveraging of the economy will allow further reducing net foreign debt. All thanks to that throughout the period will be current account surplus and financing capacity to the rest of the world, above 2 percent of GDP in the latter case. Confirmed this forecast, Spain completed the longest cycle of positive balance in their accounts against the exterior, with eight straight years of funding capacity.

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