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**SPAIN — REVIEW OF PROGRESS ON POLICY MEASURES RELEVANT FOR THE
CORRECTION OF MACROECONOMIC IMBALANCES**

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Executive summary

The 2017 Specific Monitoring Report for Spain reviews policy initiatives taken since November 2016 that are relevant for the correction of macroeconomic imbalances. In 2017 Spain was found to be experiencing imbalances related to high external and internal debt, both public and private, in a context of high unemployment. The 2017 Country-Specific Recommendations to Spain are considered relevant for addressing those imbalances. The cut-off date of the report is 27 November 2017.

Macroeconomic imbalances have been further reduced in 2017, in an environment of strong GDP growth and employment creation, but their level remains high. The Spanish economy continued to outperform expectations, and it is now expected to grow by an estimated 3.1% in 2017. The unemployment rate continues to decline, to an annual average of 17.4% in 2017. However, joblessness remains high, and the share of temporary employment is not decreasing. The current account balance continued to post a surplus, but Spain's net external liabilities remain high, at -86.2% of GDP. Public debt has been reduced further, but is still very elevated, at 98.4% of GDP in 2017 according to the Commission autumn forecast. Debt of households and private companies has been reduced to 63% and 97% of GDP respectively, which still implies deleveraging needs.

There has been policy progress in the areas of fiscal governance, the insolvency framework, and active labour market policies. A new law intends to address the need for a consistent framework ensuring transparency, effective control mechanisms and coordination across government levels in the field of public procurement. There have been no new measures to strengthen the fiscal framework. However, an expenditure review was initiated in June 2017, which can contribute to improving allocation and effectiveness of public subsidies. New measures announced on second chance rules could complement the insolvency reforms of 2014/15 in facilitating debt restructuring. Coordination between public employment and social services will be assisted by an increase in financial and human resources of public employment services and by enhanced information exchange and training at national and regional level. A new Activation Strategy envisages procedural improvements and better targeted support to vulnerable groups of unemployed.

There were only limited policy developments to address labour market segmentation, enhance employability of tertiary education graduates, foster research and innovation, and improve the business environment. Measures to reduce segmentation and increase labour market relevance of tertiary education have not yielded visible effects so far. However, the use of temporary contracts in public employment is planned to be reduced, and stepped-up labour inspections are showing some success. Advances in the funding and governance of research and innovation were modest, despite some positive steps. Supporting guidelines for implementing the law on market unity have been issued, but the renewed commitment of regions and the central government to strengthen cooperation on market unity and better regulation in Spain has so far not translated into tangible results. Selected articles of the law were annulled by Spain's Constitutional Court in 2017. The practical consequences of the rulings for the application of the law remain to be seen, since other legal principles in the law can be used to achieve similar outcomes. No policy measures have been taken to remove unnecessary size-contingent regulations or to reform professional services.

In sum, policy advances have been overall modest and uneven, leaving some structural weaknesses unaddressed. Measures taken on public procurement, insolvency regulation, and

coordination of employment and social services are likely to support the reduction of private and public debt and of unemployment. Activation policies, measures to reduce temporary public employment, and improved innovation funding go in the right direction, but need to be implemented decisively. Finally, efforts to reduce labour market segmentation, improve innovation governance, and simplify business licencing regulation need to be stepped up in order to boost productivity and competitiveness, which will be crucial in order to sustainably address external imbalances and labour market adjustment.

Table 1: Key findings on implementation of reforms¹

On track	Wait-and-see	Action wanted
<ul style="list-style-type: none"> • Adoption of public procurement law • Insolvency reform • Coordination between public employment and social services • Fight against abuse of temporary contracts 	<ul style="list-style-type: none"> • Implementation of the new public procurement law • Spending review • Activation strategy • Social security incentives to promote hiring on longer-term contracts • Reduction of temporary public employment • Labour market relevance of tertiary education • Investment in research and innovation • 	<ul style="list-style-type: none"> • Further strengthening of fiscal framework • Promotion of hiring on permanent contracts • Further implementation of the law on market unity • Strengthening of innovation governance • Removing unnecessary size-contingent regulation • Professional services reform •

¹ The table classifies reforms under review on the basis of their respective adoption and implementation process, uncertainty and their level of detail. “On track“ are measures for which the legislative or implementation process has been completed or is progressing well according to the foreseen timeline, and which are expected to be sufficiently effective. “Wait and see” are measures for which the legislative process is on-going, but is still in a relatively early phase, or measures for which there is still uncertainty on the complete implementation and effectiveness. “Action wanted” are measures for which limited or no action has been taken, or measures that have been announced but which are not sufficiently detailed yet to be assessed.

1 Introduction

On 16 November 2016, the European Commission presented, in the context of the Macroeconomic Imbalance Procedure (MIP), its seventh Alert Mechanism Report, which identified Spain as requiring an in-depth investigation into the evolution of its macroeconomic imbalances. The In-depth Review in the 2017 Country Report on Spain – published on 22 February 2017² – examined the nature, origin and severity of macroeconomic imbalances and risks in Spain. In its Communication published on 22 February 2017³, the Commission concluded that Spain is experiencing macroeconomic imbalances. In particular, the Commission emphasised vulnerabilities linked to high external and internal debt, both public and private, in a context of high unemployment. On 28 April 2017, Spain submitted its Stability Programme⁴ and National Reform Programme (NRP)⁵, respectively outlining the fiscal strategy and policy measures undertaken or planned to improve its economic performance and to unwind imbalances. Based on an assessment of these programmes, the Commission proposed three country-specific recommendations (CSRs)⁶, which were subsequently adopted by the Council on 11 July 2016⁷. Most subparts of the CSRs addressed to Spain were considered MIP-relevant. Those concern: fiscal policy and fiscal governance, active labour market policies and the framework for labour contracts, tertiary education, research and innovation, and the business environment.

The Commission conducted a specific monitoring mission within the framework of the MIP to Spain on 25-27 October 2017. Also based on the findings of the mission, the present report assesses the latest key policy initiatives⁸ undertaken by the Spanish authorities⁹. On 22 November, the Commission adopted Opinions on the 2018 Draft Budgetary Plans (DBP) of euro area Member States (except Greece). For Spain, the DBP was found to be compliant with the requirements under the SGP, as the Commission 2017 Autumn forecast projects that the general government deficit will be below the Treaty reference value in 2018. However, the deficit target set by the Council is not projected to be met and there is a significant shortfall in fiscal effort compared to the recommended level.

2 Outlook and recent developments on imbalances

Recent economic developments and outlook

Strong GDP growth has continued and unemployment remained on a steep downward trend. In 2016, the Spanish economy expanded by 3.3%, well above the euro area average. Domestic demand remained the main driver of growth, but net exports also contributed

² <https://ec.europa.eu/info/sites/info/files/2017-european-semester-country-report-spain-en.pdf>

³ <https://ec.europa.eu/info/sites/info/files/2017-european-semester-country-reports-comm-en.pdf>

⁴ <https://ec.europa.eu/info/sites/info/files/2017-european-semester-stability-programme-spain-en.pdf>

⁵ <https://ec.europa.eu/info/sites/info/files/2017-european-semester-national-reform-programme-spain-es.pdf>

⁶ https://ec.europa.eu/info/sites/info/files/2017-european-semester-country-specific-recommendations-commission-recommendations-spain_0.pdf

⁷ [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017H0809\(08\)&qid=1507635190229&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017H0809(08)&qid=1507635190229&from=EN)

⁸ Details on the policy measures taken can be found in the overview table in the Annex.

⁹ Previous MIP Specific Monitoring Reports were published in February and December 2014, December 2015, and December 2016, the latter three within the respective Post-Programme Surveillance Report. See respectively:

https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/macroeconomic-imbalance-procedure/specific-monitoring_en

https://ec.europa.eu/info/publications/economy-finance/post-programme-surveillance-report-spain-autumn-2016_en

positively to growth. Economic growth continued exceeding expectations in the first nine months of 2017. Employment also continued to expand at a robust pace, and administrative data for the month of October points to continued dynamism in the labour market. According to the Commission 2017 autumn forecast,¹⁰ real GDP will grow by 3.2% in 2017 as a whole, and unemployment will have declined to 17.4%.

Growth is expected to ease but remain robust. However, there are risks to the outlook.

The pace of economic growth is expected to ease to an annual average rate of 2.5% in 2018 and 2.1% in 2019. Private consumption is projected to remain the main driver of growth, but to slow down as the pace of job creation moderates, pent-up demand is absorbed, and other factors that supported the growth of household disposable income in recent years, such as the decrease in oil prices, abate. Growth in residential construction and equipment investment is also set to ease, whereas the contribution of net exports to growth is expected to remain positive. Although job creation is projected to slow down, labour market trends are expected to remain positive, with unemployment falling to about 14% by 2019. Growth could benefit from a stronger than expected contribution from net exports, as signs of a structural improvement in export performance and import substitution emerge.

Developments as regards imbalances

External position

Spain's net international investment position (NIIP) is still highly negative, despite the positive contribution of a growing current account surplus since 2013. After turning positive, the current account surplus widened from 1.5% of GDP in 2013 to 1.9% in 2016. It is expected to remain at broadly the same level until the end of 2019. Also thanks to high nominal GDP growth, the NIIP's improvement over recent years is expected to continue at a steady pace into 2019. Nevertheless, the stock of net external liabilities remains very high, at 86.2% of GDP in the second quarter of 2017.

Public debt

The Commission autumn forecast points to a further slight reduction of the debt-to-GDP ratio in 2017. The forecast points to a debt-to-GDP ratio at 98.4% in 2017, 0.6 percentage points lower than in 2016. Despite strong nominal GDP growth and debt-decreasing stock-flow adjustments in 2015 and 2016, the decline in the ratio has been muted, given the still high headline deficit in these years. As the deficit is forecast to narrow further in 2017 and 2018 - from 4.5% of GDP in 2016 to 3.1% and 2.4% of GDP, respectively - and nominal GDP growth to remain strong, the debt ratio is projected to decrease further to 96.9% of GDP in 2018. Despite the downward trend, the high stock of public debt constitutes a vulnerability for the economy in the face of potential changes in market sentiment.

Household and corporate debt

Private sector deleveraging is progressing, but private debt remains high. Total private debt of households and non-financial corporations (excluding financial companies) is

¹⁰ At its cut-off date of 23 October, the Commission 2017 autumn forecast could not incorporate the flash estimate for real GDP growth in the third quarter of 2017 nor the results of the Labour Force Survey for that quarter.

projected to have decreased to 160.1% of GDP in the second quarter of 2017, down by 8pp from the same period in 2016. While there was substantial active deleveraging, continued strong GDP growth has aided this decline. However, as net lending from Spanish banks to households and companies, especially SMEs, has resumed, the pace of debt reduction has slowed. The non-performing loans ratio of Spanish banks has continued to decrease and is now close to the euro area average (8.5% in August 2017).¹¹

Unemployment

Unemployment has continued its rapid decline, but is still at a very high level, and temporary contracts still account for a large share of total job creation. The Commission 2017 autumn forecast projects the unemployment rate to be 17.4% for the whole of 2017 and to decline to 15.6% in 2018. This constitutes a fall by more than 10 pp since its peak in 2013. Long-term and, especially, youth unemployment saw a similarly steep fall during this period, but 44% of the active population aged below 25 is still without a job. The share of temporary contracts has increased in parallel with strong job creation, from 26.9% of all contracts in the third quarter of 2016 to 27.2% one year later. The high degree of labour market segmentation impacts negatively on working conditions and may be a factor impeding faster labour productivity growth.

3 Policy implementation and assessment

3.1 Public finances

A new law on public procurement was adopted in October 2017. The law intends to address the need for a consistent framework ensuring transparency, effective control mechanisms and coordination across government levels in the field of public procurement. It provides for the establishment of a consultative body, a committee to promote cooperation across the various tiers of government, and a new supervisory authority. For the first time, it stipulates the obligation to adopt, within eight months following the entry into force of the law, a nation-wide public procurement strategy.

Much of the success of the new law will depend on the ambition of decisions taken at the time of implementation. A considerable amount of detail in defining the procurement strategy is left to the decision of the cooperation committee and the new supervisory authority, including as concerns controls to be carried out by the latter. At the same time, the way the new institutional governance structure is set up and operates will be crucial to deliver effective results. Moreover, ownership of the strategy by all government levels is key to further developing a nation-wide public procurement policy.

A review of central and regional government expenditure has been launched to identify areas where spending allocation can be made more efficient. In June 2017, the government tasked Spain's independent fiscal authority AIREF¹² to carry out the review. An action plan is due to be approved by the Ministry of Finance before the end of 2017 and the first phase of the review is planned to be completed by end-2018. This first phase will focus

¹¹ [European Commission, Post-programme Surveillance Report Spain, Autumn 2017](#)

¹² Autoridad Independiente de Responsabilidad Fiscal

on public subsidies, including on pharmaceutical products and active labour market policies. Expenditure in these areas is largely done at regional level.

Overall, steps have been made to enhance public procurement and assess the efficiency of spending. The new law on public procurement can improve transparency and control mechanisms of contracting authorities throughout Spain, as well as foster coordination at all government levels. The expenditure review initiated in 2017 has the potential to improve spending allocation, but otherwise no further measures have been taken to strengthen the fiscal framework.

3.2 Private indebtedness

The reforms of the insolvency regulation framework over the past years have facilitated debt restructuring and made insolvencies less onerous, with more fine-tuning underway. The use of pre-insolvency proceedings has increased strongly, from 55% of insolvency proceedings in 2013 to 81% in 2016. Out-of-court agreements for natural persons have increased from 32% of total proceedings in 2015 to 84% in 2016, partly because the applicability of such agreements was extended to debt not related to economic activity. The overall number of corporate insolvency proceedings has started to decrease in the first three quarters of 2017 (-3.6% in cumulative annual terms), but personal insolvency proceedings continue to increase (13.1% in cumulative annual terms). In the prevailing context of high economic growth and improving access to finance, this can be taken as an indication that the insolvency procedures have become more conducive to deleveraging and preventing the tie-up of capital in unproductive companies. Moreover, the reforms seem to have led to a significant reduction of both length and cost of insolvency proceedings. Going forward in adjusting the framework, the government intends to reduce the maximum exoneration period for entrepreneurial defaults from five to three years in the course of transposing the proposed EU directive on insolvency, restructuring and second chance.

3.3 Active labour market policies, framework for labour contracts, and labour market relevance of tertiary education

Coordination between public employment services and social services is being improved at national and regional level. The Social Inclusion Network (*Red de Inclusión Social - RIS*) was reinitiated in 2017 to facilitate exchange of information and practices as well as cooperation between regional public employment offices and social services. It comprises the autonomous regions' employment and social services, the national employment agency, the corresponding national ministries, social partners and other civil society organisations. Two working groups, one on information exchange and the other on the transition from minimum income schemes to employment, have started their activities in October. The network has furthermore started to organise joint trainings for employment and social services employees on specific topics where close coordination between both is crucial to improve outcomes. Some autonomous regions (among them Asturias, Castilla y León, Murcia, Navarra and País Vasco) have established their own coordination mechanisms or one-stop shops for employment and social services. The introduction of the Universal Social Card may increase transparency regarding the receipt of social benefits and thus contribute to improved coordination. This information system is intended to integrate information on certain social and employment benefits received by an individual. The start of its roll-out, which will be carried out in several phases, is planned for January 2018.

A new activation strategy envisages the integration and enhancement of support measures for unemployed youth and people over 50 years, and the long-term unemployed. The strategy will be launched through a royal decree law at the end of 2017. Its design was informed by the EVADES evaluation of regional and central employment services. It envisages a range of new measures to be coordinated by the national employment services, among others a special support programme for young unemployed people without training, several IT and process innovations to improve the agencies' service delivery, and mechanisms for a more systematic programme evaluation.

Incentives to reduce labour market segmentation have not had a substantial impact so far, but proposals for additional measures have been made. The government has set up a working group on labour market segmentation, with the participation of social partners. The employment ministry has announced a new package of reform proposals to be discussed by the group, including the reduction of employment contract types, a system of positive and negative social security incentives to discourage very short-term contracts, and severance payments increasing in line with job tenure in temporary contracts. Existing incentives to promote hiring on permanent or longer-term contracts, mostly hiring or social security subsidies, are being continued, but do not seem to have had a significant effect. Nevertheless, the 2016 increase of minimum social contributions for temporary employment appears to have contributed to a slight reduction in the share of very short-term contracts (one month or less), or even in the total share of temporary jobs.

A substantial share of temporary contracts in public employment is planned to be converted into permanent contracts, while labour inspections are increasingly successful in fighting the abuse of temporary contracts. There is a plan to significantly reduce the share of temporary contracts in the public administration, from an estimated 23% of total public employees to 8%, through their conversion into permanent positions, by 2019. Approximately 250 000 such posts are to be filled by open competition; however, much fewer openings have been published so far (around 30 000). Fight against abuse of temporary contracts has been stepped up. The number of controls has been increased, and labour inspectorates' competences were increased over the past few years and more resources allocated to them, both in terms of personnel and IT infrastructure. The identified cases of fraudulent temporary contracts (i.e. where the actual nature of the job is not temporary) led to the transformation of those contracts into permanent ones. However the increased effectiveness of labour inspections does not seem to have a significant deterring effect on the practice of abuse of temporary contracts.

Enhanced university-business cooperation and students' career guidance has so far had a limited impact on university graduates' employability. Universities and businesses maintain a structured information exchange via chambers of commerce so as to facilitate placement of university graduates in companies. This dialogue seems however to be of limited effectiveness in relaying to universities and students what skills and knowledge companies are looking for in new recruits. The industrial PhD programme, established in 2014, has not met with high interest among potential applicants so far. Take-up might improve if the first cohort of graduates can be shown to have successfully entered the job market during 2018. A graduate tracking system was set up in 2015 to increase awareness of employment prospects of the different degree. Its effect on high school graduates' decisions for university subjects is difficult to robustly assess only two years after its inception. A complementary approach, discussed in the context of consultations on a national pact of education, consists in fostering interest in science, technology, engineering, and mathematics

careers already during secondary education. There is no information available so far on the extent to which there are concrete initiatives to do this systematically.

Overall, steps have been taken to facilitate the coordination between employment and social services, whereas there were few new steps to address segmentation and improve tertiary graduates' employability. The Network for Social Inclusion has the potential to effectively enhance coordination between employment and social services at the national and regional level. The roll-out of the Universal Social Card should also facilitate closer coordination. Efforts to address segmentation show limited effectiveness so far or have not moved beyond discussion stage, except for labour inspectorates' success in uncovering the abuse of temporary contracts. Measures to increase labour market relevance of tertiary education are so far largely limited to provision of information and advice, or too recent to measure effects on graduate cohorts.

3.4 Research and innovation

Public investment in research and innovation continues stagnating at low levels compared to the EU average, but simpler application procedures may improve access to funding. Government budget appropriations or outlays for R&D have been on a slight upward trend in nominal terms, but have decreased as a share of GDP. The budget for several core programmes of Spain's innovation support agency (Centro para el Desarrollo Tecnológico Industrial, CDTI) was increased substantially in 2016 and 2017. Since SMEs experience difficulties in access to finance for R&D, CDTI relaxed the co-financing criteria in grant and loan application procedures, which has led to higher disbursements of funds for private research and innovation (R&I). However, this has also led to an increase in the share of grants as opposed to loans, whereas the latter's impact on innovation relative to cost generally tends to be higher than that of the former. Spain's system of R&D tax incentives, which was reformed in 2014, is relatively generous compared to the OECD average. However, its take-up, especially among smaller companies, has been low. This seems partly due to the complex application and reporting procedures. However, the scheme is also less attractive for young, not-yet profitable firms, since the full amount of tax credits is only granted in the same fiscal year and if corporate taxes are actually due. The government is currently working on simplifying application procedures, with a draft law envisaged for the spring of 2018.

While 2017 saw first steps to better involve and connect different actors in innovation governance, public R&I support still lacks systematic evaluations despite isolated improvements. A new national research and development plan is expected to be approved before the end of 2017. For the first time, CDTI as well as the newly created research agency (Agencia Estatal de Investigación) were involved in its elaboration, and will also be represented in the governing board for the strategy. The network "Red IDI", comprising central and regional administrations as well as academic, research and industry associations, has resumed its activity in 2017 and is intended to facilitate and intensify such coordination. One particular focus of the network will be the implementation of R&I support co-funded by European Structural and Investment Funds. An update of the Industry 4.0 plan ("Industria Conectada") will be adopted in December 2017. As a new feature, this strategy will systematically map programmes and actors in innovation and industrial policy. This is intended as a first step towards greater institutionalisation of information sharing, which might facilitate mainstreaming innovation policy goals into industrial policy. Systematic evaluations of R&I programmes are still rare, and internal evaluation units in government

agencies have limited resources. CDTI has started to survey beneficiaries of certain programmes directly upon project finalisation as well as two years after that, which should allow assessing the programme's impact on beneficiary companies beyond the very short term. The agency intends to extend those follow-up surveys to all its support programmes.

Overall, advances in the funding and governance of research and innovation were modest, despite a few concrete steps. Public funding for innovation in SMEs somewhat increased, and administrative procedures are being modified to encourage uptake of support measures. Involvement and interaction of relevant actors in the design of innovation policy is being intensified. Systematic programme evaluations, however, have not yet become the rule despite some good practice examples.

3.5 Product market regulation and business environment

There have been few visible results of the implementation of the law on market unity in 2017, including at regional level. The law, adopted in 2013, aims at removing measures that may directly or indirectly obstruct the free movement of goods and services and the establishment of new economic operators throughout Spain, thus enabling them to take better advantage of economies of scale and improve competition. On 17 January 2017, the central and regional governments agreed to foster mutual cooperation in guaranteeing market unity and better regulation in Spain. However, this commitment has not been followed up by concrete action, nor has it translated into tangible results, other than the publication by the ministry of economy of a catalogue of good and bad practices in regional regulation in February 2017, and a guide on the implementation of the market unity law in March 2017.

Between June and November 2017, the Spanish Constitutional Court delivered four judgements on the law on market unity. While the constitutional court endorsed the law, it declared null and void selected articles, among others the provisions setting out the principle of nation-wide effectiveness of licences and prior declarations granted by or submitted to any given region. The Constitutional Court held that this principle can only apply if there are common regulatory standards across regions, in the absence of which it overrides regions' regulatory competencies. The practical consequences of the rulings for the application of the law remain to be seen, since other principles in the law –namely, the principle of “necessity and proportionality of the actions of the competent authorities” - can be invoked by economic operators seeking redress on barriers to market unity to achieve similar outcomes as the "nation-wide effectiveness".

The government is looking into options to mitigate the negative effects of size-contingent regulations. Such regulations are partly responsible for preventing a high share of Spanish companies from growing, in turn reducing the potential for productivity growth. A government exploratory study has identified more than 130 size-contingent regulations. Many of those are set out in primary law and are thus difficult to change without parliamentary and regional backing. The government is currently studying possibilities to amend such regulations, or offset higher resulting costs with targeted tax relief. No concrete proposals have been put forward yet.

No steps have been taken to reform professional services. The government does not plan to reform professional services during the current legislature.

Overall, product market reforms have largely stalled, with only a few positive steps taken in 2017. Supporting guidelines for implementing the law on market unity have been issued, but the renewed commitment of regions and the central government to mutual cooperation on market unity and better regulation in Spain has so far not translated into tangible results. No policy measures have been taken regarding size-contingent regulations and reforming professional services.

4 Annex 1: Overview table of MIP-relevant reforms

MIP objective: Strengthening public finances and fiscal governance			
Public finances			
Fiscal policy and fiscal governance			
<i>Announced measures</i>	<i>Adopted measures</i>	<i>Implemented measures</i>	<i>Sources of commitment</i>
December 2017: Approval of action plan for spending review on national and regional level focusing on subsidies	2 June 2017: Government commissions AIReF to carry out a spending review focusing on subsidies		2017 CSR 1: "Undertake a comprehensive expenditure review in order to identify possible areas for improving spending efficiency."
Public administration and business environment			
<i>Announced measures</i>	<i>Adopted measures</i>	<i>Implemented measures</i>	<i>Sources of commitment</i>
Expected in 3rd quarter of 2018: Adoption of the National Strategy on public procurement, to combat corruption, improve professionalization, promote economic efficiency, enhance the use of electronic and strategic procurement and boost the participation of SMEs	8 November 2017: Official publication of the law on public contracts (law 9/2017)		2017 CSR 1: "[...] strengthen the fiscal and public procurement frameworks."

MIP objective: Facilitating private debt reduction			
Private indebtedness			
Private indebtedness			
<i>Announced measures</i>	<i>Adopted measures</i>	<i>Implemented measures</i>	<i>Sources of commitment</i>
In context of transposing upcoming directive on insolvency, restructuring and second chance: Reduction of maximum exoneration period for entrepreneurial defaults ("second chance") from 5 to 3 years			
MIP objective: Improving the functioning of the labour market			
Active labour market policies, framework for labour contracts, and labour market relevance of tertiary education			
Active labour market policies			
<i>Announced measures</i>	<i>Adopted measures</i>	<i>Implemented measures</i>	<i>Sources of commitment</i>
Starting January 2018: Roll-out of Universal Social Card (to be phased in in several stages)		2017: Re-initiation of Social Inclusion Network to facilitate exchange of information and cooperation between regional public employment and social services	2017 CSR 2: "Reinforce the coordination between regional employment services, social services and employers, to better respond to jobseekers' and employers' needs."

<p>Expected in December 2017: Launch of Spanish Activation Strategy, targeting young unemployed, those older than 50 years, and long-term unemployed</p>		<p>Up until October 2017: Establishment of regional-level coordination mechanisms or one-stop shops for employment and social services in Navarra, País Vasco, Murcia, Asturias, Castilla y León</p>	<p>NRP 2017</p>
<p>Employment protection legislation and framework for labour contracts</p>			
<p><i>Announced measures</i></p>	<p><i>Adopted measures</i></p>	<p><i>Implemented measures</i></p>	<p><i>Sources of commitment</i></p>
<p>2018: Package of policy proposals to reduce temporary employment, to be discussed in working group on labour market segmentation</p>		<p>2017: Establishment of working group on labour market segmentation</p> <p>2017-2019: Conversion of up to 90% of temporary contracts in public administration into indefinite-duration contracts</p> <p>2015-2017: Increase of labour inspectorates' resources and competences for stepping up fight against false temporary employment</p>	<p>2017 CSR 2: "Take measures to promote hiring on open-ended contracts."</p>

Education			
<i>Announced measures</i>	<i>Adopted measures</i>	<i>Implemented measures</i>	<i>Sources of commitment</i>
		<p>Mid-2018: First cohort from Industrial PhD Programme starts entering job market</p> <p>End-2017 (new edition): Graduate tracking system to show employment prospects for different study disciplines</p>	2017 CSR 2: "Increase the labour market relevance of tertiary education."
MIP objective: Improving competitiveness and the business environment			
Research and innovation			
Research and innovation			
<i>Announced measures</i>	<i>Adopted measures</i>	<i>Implemented measures</i>	<i>Sources of commitment</i>
<p>No time indication: Establishment of minimum budgets for universities</p> <p>Announced for 2nd quarter of 2018: Simplified application procedures for R&D tax credits</p> <p>Expected in December 2017: Approval of national research and</p>			2017 CSR 3: "Ensure adequate and sustained investment in research and innovation and strengthen its governance across government levels."

development plan Expected in December 2017: Update of Industry 4.0 strategy			
Product market regulation and business environment			
Business environment			
<i>Announced measures</i>	<i>Adopted measures</i>	<i>Implemented measures</i>	<i>Sources of commitment</i>
Announced on 17 January 2017: Agreement between central government and regions to foster cooperation in implementing the law on market unity		1st quarter 2017: Publication of the implementation guide of the law on market unity and a catalogue of good practices for implementing law on market unity	2017 CSR 3: "Ensure a thorough and timely implementation of the law on market unity for existing and forthcoming legislation."