

**The Economic and Social Council of Spain (ESC):
Criteria and reference documents on climate change**

Madrid, 19 May 2015

I. TREATMENT OF THE SUBJECT IN THE ECONOMIC AND SOCIAL COUNCIL: THE PRECEDENTS

It is a fundamental issue amongst the environmental matters examined within the Economic and Social Council of Spain (Economic and Social Council), as it affects the quality of life area and has repercussions on other socio-economic fields.

References to this subject were made repeatedly in the Memoir on the Socio-economic and Labor Situation in Spain¹, yearly published by the ESC since 1995, which reviews the international policy related to the agreements concluded at the Earth Summit (Rio de Janeiro, 1992). As this document falls under the importance of climate change in the context of sustainable development, the behavior of this climate disruption, measured through the evolution of greenhouse gases emissions, has become one of the main environmental indicators of the aforesaid Memoir.

II. CRITERIA OF THE ECONOMIC AND SOCIAL COUNCIL

II. 1. CLIMATE CHANGE: CONCEPT AND INTERNATIONAL ACTIONS

The **notion of climate change** refers to modifications of the climate, directly or indirectly attributed to human activity, which alters the atmosphere's composition and provokes an increase of the concentration of the so-called "greenhouse" gases – essentially carbon dioxide (CO₂), methane (CH₄), nitrous oxide (NO₂), chlorofluorocarbons (CFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF₆) – and, as a consequence, provokes a global rise of the temperatures and of sea level². The reports written by the Intergovernmental Panel on Climate Change of the UN (IPCC)³ warn on the dangers of the earth's surface global warming and recognize that the available scientific data indicate that **human action has a perceptible influence on the planet's climate**, even though the capacity to quantify this influence is limited. For 2100, the models foresee an increase of two degrees Celsius

¹ From now on, references to this document will be made through « Memoir CES » in addition with the year it refers to.

² « greenhouse effect » : withholding by particular gases of solar energy, which is reflected by the earth's surface in the shape of infrared radiations. Amongst the six gases which provoke the excessive heating, CO₂ has a larger average contribution than the others, as it is generally used as a reference.

³ IPCC : Intergovernmental Panel on Climate Change, convened by the UN in 1988 for the purpose of determining the amount of scientific knowledge in terms of climate change.

of the average temperature compared to 1990 and an average rise of 50 centimeters of the sea level.

The environmental and socio-economic **impact** of those climate alterations is traduced by a reduction of the biodiversity, by a loss of arable lands, by negative effects in the agricultural production, by displacements of populations and, in particular countries, by an increase of cases of diseases such as the Malaria and the Cholera. In order to avoid or to reduce those effects, the IPCC confirmed the urgency of initiating changes in the production and consumption models.

The monitoring of matters related to climate change was done using the appropriate Agreements concluded at the Rio Summit in 1992 and at the Conference of the Parties of the Framework Convention on Climate Change. This monitoring was specially implemented after the 1997 Conference, founder of the **Kyoto Protocol** in virtue of which a reduction of the six main greenhouse gases' emissions (Memoir CES 1995 and following) was suggested.

The **first phase** of the Kyoto Protocol set legally binding commitments for 38 industrialized countries, which compliance enabled reaching between 2008 and 2012 a global decrease of greenhouse gases' emissions of 5.2 percent compared to 1990. This result was obtained through a reduction of 8 percent for the EU15 (ratification of the Protocol on the 30th of May 2002, entry in force on the 16th of February 2005), of 7 percent for the USA and of 6 percent for Japan and Canada; through a stabilization for New-Zealand, Russia and Ukraine: and through an increase of 1 percent for Norway, of 8 percent for Australia and of 10 percent for Iceland. In order to fulfill the obligations derivate from the Convention and from the Kyoto Protocol, the European Union established a greenhouse gases Emissions Trading Scheme, within the European Program of Climate Change and amongst the so-called "flexibility mechanisms" which are complementary to the efforts for the reduction of emissions (Directive 2003/87/CE, modified by the Directive 2009/29/CE). According to a Report on the Progress of 2013, the EU15 reached its objective of this first commitment period in 2012 (COM (2013) 689 final).

At the 2012 Doha Conference (COP 18/COP-MOP 8) it was agreed to provide continuity to the legal framework of the Kyoto Protocol through the adoption of amendments necessary to the **second commitment period** which started the 1st of January 2013 and will come to an end the 31st December 2020. The European Union and the member States agreed to participate in this **second phase** as a part of a package of international agreements which should include voluntary commitments of

more than 80 countries (including the United States, China, India, South Africa and Brazil), in parallel with the European Climate and Energy Package. This way, those States express their will to reduce greenhouse gases' emissions of 21 percent compared to 1990. Currently, the EU is negotiating the ratification of the Kyoto Protocol's amendments (Memoir CES 2013).

II. 2. SITUATION IN SPAIN

Concerning Spain, its commitment enabled the country to limit the increase of its net emissions to 15 percent between 1990 and 2012. Those emissions were rising until 2007, year of reference during which the augmentation passed the threshold of 50 percent. From 2007 to 2012 a sustainable reduction of the emissions was recorded until reaching 20.1 percent compared to 1990. This reduction was the result of a lower consumption of fuel caused, not only by the minor economic activity during the years of crisis, but also by the recoded technological improvement in certain industrial areas and by the increase of the renewable energy participation in the energy mix. In any case, the use of other reduction mechanisms examined in the Kyoto Protocol (Clean Development, Joint Implementation, International Emissions Trading) allowed the compliance of the objectives, compensating in this way the recorded excess of emissions (Memoir CES 2013).

The Spanish Law incorporated the directives of refinement and enlargement of the general European Union Emission Trading Scheme through the Law 13/2010, as well as through the Royal Decree 1722/2012, which modified the previous Law 1/2005⁴ (Memoir CES 2012).

Taking into account the international obligations to reduce the emissions assumed by Spain, as well as the principle of supplementarity embodied in the Kyoto Protocol, the National Allocation Plan (NAP)⁵ established the final amount of quotas

⁴ Law 13/2010, of the 5th of July, which modifies the Law 1/2005, of the 9th of March, which regulates the emission trading scheme, to refine and enlarge the general emission trading scheme and include the aviation in it. Royal Decree 1722/2012, of the 28th of December, which develops the subjects related to the allocation of emission quotas in the framework of the Law 1/2005. Royal Decree-Law 17/2012, of the 4th of May, of urgent measures in terms of environment.

⁵ Royal Decree 1370/2006, of the 24th of November, establish for the five-year period 2008-2012 the total amount of quotas which are forecast to be allocated to the installations included in the scope of application of the Law 1/2005. Order PRE/2827/2009, of the 19th of October, which modifies the quotas of the sectorial allocations established in the National Plan of Allocation, 2008-2012, approved by the Royal Decree 1370/2006, of the 24th of November.

to allocate, the procedure of allocation, the certified reductions of emissions that could be used and the percentage of allowances for the facilities listed in each period. The NPA came to an end on the 30th of April 2013 with the release of the quotas corresponding to the verified emissions of 2012, year from which a communal approach was adopted, not only in relation with the determining of the total amount of emission quotas but also with the methodology of allocation. On the 15th of November 2013, the Council of Ministers adopted the **free allocation of quotas** of greenhouse gases emissions, submitted to adjustments over the year 2014, to the facilities subjected to the Emission Trading Scheme for the period 2013-2020.

The greenhouse gases emissions trading applies to emissions of carbon dioxide originating from facilities which develop activities listed in the Annex I of the Law 13/2010 (which modifies the Law 1/2005) and which exceed the established limits. Those are businesses of energy (including combustion plants with a rated thermal input higher than 20 MW, mineral oil refineries and coke ovens) and of production and processing of ferrous metals (installations for the roasting of metallic ores and for the production of iron and steel), mineral industries (fabrication of cement, glass and ceramic products), industrial installations aimed at the fabrication of pulp, paper and cardboard, and flight to or from an airfield located in the territory of a member State in which the Treaty applies.

Even though the **economic implications** of the compliance of this regulation **are obvious**, the **distribution of efforts has been proportional** to the current level of emissions within the areas included in the scope of the Law 13/2010 (responsible for 40 percent of the emissions) and within those not included (responsible for 60 percent).

In this context, the ESC detected an **unbalanced situation of departure**, because even though the basic scenario of reduction of CO₂ emissions impacts the fields included in the Annex of the Directive as well as those not included (diffuse sectors: transportation, residential-commercial-institutional, agriculture, waste treatment and fluorinated gases), the proposed allowances led to a greater effort from the included areas (Opinion 3/2004). In this regard, amongst the recent state initiatives, two can be emphasized: the Climate Project and the 2020 Roadmap for Diffuse Sectors, conceived in order to pave the way to transformations of the sectors which are not subjected to the European Union Emission Trading Scheme (Memoir CES 2012).

The ESC also recommended the adoption of **flexibility** mechanisms on the long-term which, facing scenarios with a predictable evolution, enable to examine the repercussions of policies about the European and Spanish competitiveness (Opinion 3/2004). Thus, as a part of flexibility mechanisms, the Directive 2009/31/CE was incorporated through the Law 40/2010⁶ (Memoir CES 2011).

The Economic and Social Council positively welcomed the inclusion of **social dialogue mechanisms** in the area of greenhouse gases emissions trading, as the guarantee that social partners will participate to adapt this trading scheme to the different circumstances – technical, economic and social – of the concerned installations as well as to the effects that could impact competitiveness, employment and social cohesion, particularly over the first steps of its application (Opinion 3/2004). This aspect, initially recognized by the NPA, was anteriorly considered in the article of the Law, according to the recommendation of the ESC.

III. REFERENCE DOCUMENTS

IMPORTANT INFORMATION:

*All the documents are available on the **website of the Economic and Social Council**: www.ces.es*

*It also possible to have access to a summary of its content in English through **CESLINK**:*

<http://www.portalecnel.it/CES/ceslink.nsf/vwPerPaeseEN?OpenView&Start=1&Count=30&Expand=15#15>

⁶ Law 40/2010, of the 29th of December, of geological storage of CO₂, which transpose the Directive 2009/31/CE of the European Parliament and of the Council, of the 23th of April 2009, related to the geological storage of CO₂.

ESC's documents approved in Plenary

REPORTS	Reference in the text
<p>Report 1/96 on its own initiative, on the hydrological resources in Spain. Impact on the agricultural sector. http://www.ces.es/documents/10180/18510/inf00196v</p> <p>Report 1/2002, on the Consultation Paper of the Spanish Sustainable Development Strategy. http://www.ces.es/documents/10180/18510/inf0102</p> <p>Report 1/2012, on social cohesion, competitiveness and the environment. http://www.ces.es/documents/INF/2012/01</p> <p>Document 1/2014 Joint report on the fight against poverty and social exclusion in the Euro Mediterranean region. http://www.ces.es/documents/10180/2009547/DOC012014.pdf</p>	<p>Report 1/2002</p> <p>Report 1/2012</p>
OPINIONS	
<p>Opinion 3/2004, on the Project of RD which regulates the Greenhouse Gases Emissions Trading Scheme. http://www.ces.es/documents/10180/18507/Dic032004</p> <p>Opinion 10/2007 on the Spanish sustainable development Strategy. http://www.ces.es/documents/10180/18507/Dic102007</p> <p>Opinion 1/2010, on the draft of the Law Sustainable Economy. http://www.ces.es/documents/10180/18507/Dic012010</p>	<p>Opinion 3/2004</p> <p>Opinion 1/2010</p>
MEMOIR ON THE SOCIO-ECONOMIC AND LABOR SITUATION	
<p>http://www.ces.es/Memoirs</p> <p>Memoir 1997 on the socio-economic and labor situation. Chapter III.6.2. The climate change and its regulation (pgs. 565-572) http://www.ces.es/documents/10180/61214/Memoir97</p> <p>Memoir 2001 on the socio-economic and labor situation. Chapter III.2.4. The climate change (pags. 596-602) http://www.ces.es/documents/10180/61222/Memoir2001</p> <p>Memoir 2002 on the socio-economic and labor situation. Chapter III.2.4. Johannesburg Summit (pags. 575-584) http://www.ces.es/documents/10180/61224/Memoir2002</p> <p>Memoir 2003 on the socio-economic and labor situation. Chapter III.1.4. International commitments (pags. 489-497)</p>	<p>Memoir + year</p>

<p>http://www.ces.es/documents/10180/61226/MEMOIR%202003 Memoir 2004 on the socio-economic and labor situation. Chapter III.2.4. Monitoring of the Kyoto Protocol: the allocation of emission quotas (pags. 515-519) http://www.ces.es/documents/10180/61228/MEMOIR2004 Memoir 2005 on the socio-economic and labor situation. Chapter III.2.6. Environmental panorama in Europe and Spain (pgs. 563-565) http://www.ces.es/documents/10180/61230/Memoir2005 Memoir 2006 on the socio-economic and labor situation. Chapter III.5. The fight against the climate change in Spain (pgs. 555-566) http://www.ces.es/documents/10180/61232/Memoir2006 Memoir 2007 on the socio-economic and labor situation. Chapter III.4. Climate change and the energetic efficiency (pags. 626-637) http://www.ces.es/documents/10180/61234/MEMOIRCES2007 Memoir 2008 on the socio-economic and labor situation. Chapter III.4. Climate change and the energetic efficiency(pags. 503-508) http://www.ces.es/documents/10180/61236/MEMOIR%202008 Memoir 2009 on the socio-economic and labor situation. Chapter III.4. Social repercussions of the climate change (pags. 528-532) http://www.ces.es/documents/10180/61238/MEMOIR%20CES%202009 Memoir 2010 on the socio-economic and labor situation. Chapter III.3. Policies in relation with the climate change (pags. 573-579) http://www.ces.es/documents/10180/61240/Memoir_CES_2010 Memoir 2011 on the socio-economic and labor situation. Chapter III.3. Policies in relation with the climate change (pags. 662-667) http://www.ces.es/documents/10180/205054/MemoirCES2011.pdf Memoir 2012 on the socio-economic and labor situation. Chapter III.3. Policies in relation with the climate change (pags. 548-554) http://www.ces.es/documents/10180/786745/MEMOIR_CES_2012.pdf Memoir 2013 on the socio-economic and labor situation. Chapter III.3. Policies in relation with the climate change. Second pphase of the Kyoto Protocol (pags. 626-637) http://www.ces.es/documents/10180/1692373/Memoir_2013_c3_calidad-vida.pdf</p>	
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Other reference documents written by the ESC

<i>Socio-economic panorama of Spain nº 118/2004 “ The Kyoto Protocol in Spain ”</i>	PESE 118
<i>Socio-economic panorama of Spain nº 133/2006 “The Kyoto Protocol and the emission trading scheme”.</i>	PESE 133
<i>Notebooks of the Economic and Social Council nº 27 “International panorama of the climate change policy” (2014).</i> http://www.ces.es/documents/10180/1800278/Cauces_27.pdf	

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Council :*	SPAIN - Consejo Económico y Social (CES)
Type of opinion	Reports
Title*	REPORT 1/2012 on regional development, competitiveness and social cohesion. The environment
Date	22/02/2012
Subject Matter	Climate Change, Economy and Finance,
Abstract	<p>This report is part of the Council's broader project on "Regional development, competitiveness and social cohesion", aimed at analyzing public policies of particular significance to competitiveness and social cohesion objectives. The report aims to consider how the decentralized management of environmental policy works in Spain with a view to identifying its strengths and weaknesses, in terms both of effectiveness in achieving environmental protection goals and of effects on business competitiveness and social cohesion. The report recognizes the progress made in recent years both in decoupling economic growth and waste generation and in modernizing waste treatment so as to minimize its environmental impacts. The document notes, however, that waste management is characterized by a profusion of regulations and by a poorly coordinated overlapping of State, regional and local provisions. This, in the Council's view, results in great confusion and complexity leading to unjustified administrative burdens for economic operators. The report adds that there are considerable differences between Spanish regions as regards administrative procedures and taxes linked to waste management, and that the environmental standards applicable in the field are not the same across the country due to regional idiosyncrasies, which in turn involves distortions in the domestic market as a result of variable costs for economic operators depending on the region in which they operate. The report advocates "harmonizing, synthesizing and simplifying" regulations. As to controlling greenhouse gas emissions, the report points out that, in its years of economic growth, Spain was far from meeting the emission reduction goals set in the Kyoto Protocol, but this trend seems to have reversed by the economic crisis. It is also notable that the distribution of greenhouse gas emissions is highly even across the Spanish regions due to differential factors such as urban development or economic specialization, and in particular the distribution of industrial facilities. The report also recommends strengthening central government's role in the setting of harmonized criteria for the application of protocols and procedures for authorizing and verifying emissions to the air. The Council further recommends improving the quality of information provided to social dialogue roundtables in this area and developing work indicators.</p>



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Council :*	SPAIN - Consejo Económico y Social (CES)
Type of opinion	Opinions
Title*	OPINION 03/2004 on the Bill for a Royal Decree regulating the greenhouse gas emission trading scheme
Date	26/07/2004
Subject Matter	Climate Change, Social Policies
Abstract	<p>The purpose of this Decree is to transpose Directive 2003/87/EC, which establishes one of the market instruments provided for in the Kyoto Protocol, namely trading in emission allowances. In article 9 the Directive states that each Member State shall develop a National Allocation Plan (NAP) specifying the quantity of allowances that it intends to allocate for that period and how it proposes to allocate them, based on homogenous criteria for the distribution of allowances throughout the country. In its preliminary remarks, the Council notes that the willingness of the social partners to address this process was highlighted in the recent Declaration for Dialogue between Management and Labour: Competitiveness, stable employment and social cohesion, of 8 July 2004. The Council therefore applauds the setting up of dialogue committees in each sector of activity, with the presence of the government and the trade unions and employers' organizations in the various fields concerned. But the Council deems that this consideration should be included in the articles of the bill, which would benefit the adaptation and relaxation of the Plan that is needed in view of the different circumstances to be taken into account in the criteria for allocating emission allowances. These factors should expressly include a mention of social circumstances, and in particular forecasts for and effects on employment. The Council deems that this mechanism for institutional participation by the employers' organizations and the trade unions in the monitoring and adaptation of the Plan would help to effectively resolve the differences between the government and the various sectors on the distribution of allowances by activity, in line with the lists envisaged on either side, with a view to allowance projections and requests. The Council therefore recommends that the initial forecasts in the NAP should be adjustable during the Plan's life, pursuant to the agreements reached through the instruments for dialogue between management and labour.</p>



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Council :*	SPAIN - Consejo Económico y Social (CES)
Type of opinion	Opinions
Title*	OPINION 1/2010 on the Sustainable Economy Draft Bill
Date	28/01/2010
Subject Matter	Economy and Finance,
Abstract	<p>The ESC is urging Spain's political and social forces to reach a wide-ranging consensus on considering sustainable development as a state matter. The Council has a positive opinion of the objectives of the Sustainable Economy Act but feels that the social dimension and the participation of citizens need to be developed further. The report points out the need for coordination between Public Administrations and calls on the political forces to make an effort to reach consensus. The ESC considers that the objective of achieving a good education and training system, together with a strong relationship with the labour market, should be a shared project, making it a state matter based on a wide-ranging social and political consensus. The ESC believes that there needs to be a comprehensive reform of the regulatory framework for intellectual property and collecting societies, in order to ensure that the different rights and interests of authors, users and operators are reconciled. As regards the financial system, the ESC observes the incorporation of measures that give greater transparency to the way in which the market operates and increase the protection of consumers and users of financial services.</p>



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- 29/05/2013 REPORT on the socioeconomic and employment situation in Spain in 2012
- 21/05/2012 REPORT on the socioeconomic and employment situation in Spain in 2011
- 30/05/2011 REPORT on the socioeconomic and employment situation in Spain in 2010
- 31/05/2010 REPORT on the socioeconomic and employment situation in Spain 2009
- 01/06/2009 REPORT on the socioeconomic and employment situation in Spain in 2008
- 28/05/2008 REPORT on the socio-economic and employment situation in Spain 2007
- 31/05/2007 REPORT on the socio-economic and employment situation in Spain (2006)
- 31/05/2006 REPORT on the socio-economic and employment situation in Spain 2005
- 31/05/2005 REPORT on the socioeconomic and employment situation in Spain in 2004
- 31/05/2004 REPORT on the socio-economic and employment situation in Spain in 2003

CESLINK DOCUMENT

Council :*	SPAIN - Consejo Económico y Social (CES)
Type of opinion	Annual Reports
Title*	REPORT on the socioeconomic and employment situation in Spain in 2011
Date	21/05/2012
Subject Matter	Economy and Finance,
Abstract	<p>This report on the socioeconomic and employment situation in Spain in lies upon a consensus across the organizations represented on the Council, which allowed the report to be adopted with broad support. The report is structured in three chapters devoted to the economy, the labour market, employment policy and labour relations, and quality of life and social welfare. Chapters I and II, devoted to the economic and employment situation, start with an overview of the international and, more specifically, European situation. Hopes for a slight economic recovery in 2011 were thwarted. The Council considers that fiscal adjustment policies alone, in the absence of stimuli for growth, lead to further recession, in which the damage affects everyone but in particular the most indebted States, which have most difficulty servicing their debt. The financial and institutional crisis in Euroland is seriously affecting the financing of the Spanish economy, with the authorities being forced to apply a fiscal policy that is reducing consumption and demand, and is pro-cyclical relative to the situation of economic stagnation and soaring unemployment. Greater budgetary austerity was reflected in the negative trend in domestic demand, as opposed to good performance in the export business sector. Within this economic analysis the Council gives special attention to the situation of the financial system and the difficulty of financing economic recovery. The main handicap of the Spanish financial sector continued to be its exposure to bad construction assets, and so the Council's report calls for a realistic estimation of the funds required to achieve adequate capitalization. And it notes that in any event the injections of liquidity into the financial institutions have not reached the real economy in the form of greater availability of finance. As in the economic sphere, the crisis's impact on employment is self-evident. Youth unemployment has risen even more sharply, showing a new segmentation of the labour market. It is worth stressing that in the economic sectors where employment has performed best, there is a growing component of technology and innovation in products and production processes, and an expansion of business abroad. In the field of employment policy, the Council notes with concern the small proportion of active measures in employment policy. Analyzing trends in labour relations, the Council highlights the continuity of dialogue between management and labour in Spain, even during the crisis. The Council notes that in social terms the crisis is resulting in greater inequality and a weakening of the welfare state. This social impact is an obstacle to recovery, due to the fall in demand and because it damages the social fabric required for a transition to a more competitive and sustainable economy. The Council gives special attention to the worrying data on rising poverty and inequality. Inequality has a multiplying effect that is socially and economically negative, for inequality is incompatible with the existence of an economic fabric liable to enable sustainable growth, and also politically negative, due to the sense of alienation from institutions that it may generate.</p>

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Council :*	SPAIN - Consejo Económico y Social (CES)
Type of opinion	Annual Reports
Title*	REPORT on the socioeconomic and employment situation in Spain in 2012
Date	29/05/2013
Subject Matter	Economy and Finance, Labour,
Abstract	<p>On this occasion the Council observes that the long crisis, which began in 2008, is causing fundamental changes in Spain's economy and society, as reflected in the various aspects of the socioeconomic and employment situation analysed in this report: demography, economic model, personal and regional distribution of income, consumer habits, etc. Thus, for example, in its social considerations the report notes how the crisis has affected even demographic trends, with the first drop in population in many years being recorded in 2012 due to a lack of natural growth, a shift in the migratory balance of foreign residents and an incipient negative migratory balance in the Spanish population. The crisis has also transformed Spaniards' life strategies in fields such as consumption and housing. Income and living conditions have further deteriorated to the point that a fifth of households in Spain are at risk of monetary poverty, and the proportion of children in this situation is more than 30%.</p>