

THE NEW SPANISH GOVERNMENT: PUBLIC AFFAIRS AND REGULATORY BRIEFING

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WE WILL EXPLORE...

**The political
priorities of Prime
Minister Rajoy's
new cabinet**

**Regulatory trends
and what we
can expect in
key sectors**

**Public affairs
in Spain with
the new political
scenario**

INDEX

GOVERNMENT'S TOP PRIORITIES FOR THE LEGISLATURE

REGULATORY CHALLENGES FOR 2017

POLITICAL SCENARIO

CONTEXT FOR THE CORPORATE AFFAIRS STRATEGY

**CORPORATE AFFAIRS STRATEGY IN THE SPANISH
ECONOMIC AND POLITICAL CONTEXT.**

CONCLUSIONS



ECONOMY

- Employment
- Promotion of specific sectors such as agri-food, industry and tourism.
- Energy pact
- Entrepreneurship
- Digital agenda
- National pact on science and innovation
- Decrease on income tax



SOCIAL ISSUES

- Education and professional training
- “Flexi security” on labor market
- Pension system
- Welfare State
- Gender violence



OTHER ISSUES

- Territorial controversy: Catalonia
- Funding of Self Autonomous Communities
- Regulation of lobbies
- Expense cutting in public sector and promotion of efficiency
- Fight against terrorism

FIRST REGULATORY MEASURES ADOPTED BY THE GOVERNMENT IN Q4 2016

MENÚ

ROYAL DECREE	
Royal Decree-Law 2/2016, September 30th	To introduce Tax Measures to Reduce Public Deficit
Royal Decree-Law 3/2016, December 2nd	To implement Tax Measures to achieve the consolidation of public finances and other urgent social measures
Royal Decree-Law 4/2016, December 2nd	About Urgent measures in financial matters
Royal Decree-Law 5/2016, December 9th	To improve educational quality
Royal Decree-Law 6/2016, December 23rd	To boost the National System of Young Guarantee)
Royal Decree-Law 7/2016, December 23rd	To regulate “bono social and other measures to protect the vulnerable consumer of electric energy

ECONOMY

- National Budget as the top priority
 1. Expected for the draft bill to be tabled by the Government in March.
 2. Government is searching Socialist's support.
 3. Potential calendar: national Budget passed by parliament in June.
- New Autonomous Funding System

EDUCATION NATIONAL PACT

- Subcommittee in Congress
- Long term Project.

CATALONIA

- Announcement of a referendum by the Government of Catalonia.
- Reaction of the national government
- Potential regional elections.

PENSION SYSTEM

- Parliamentary committee already working with weekly appearances of several stakeholders before the ad hoc Committee.

LABOUR REFORM

AGROO-FOOD SECTOR

- Tendency to control food products and measures to fight against obesity and to promote healthy lifestyles

ENERGY

- National pact.
- Some social measures already adopted.

DIGITAL AGENDA

- Besides DSM in Brussels
- Industry 4.0

TOURISM

- To maintain Spain at the top destination in touristic competitiveness (the most relevant one in terms of GDP).

CULTURE

- The so called National Plan for Culture 20-20 has been announced by the Government which includes several measures (VAT, promotion of investment, IP protection...)

REGULATORY CHALLENGES FOR 2017

MENÚ

A regional perspective

1

Comunidad Autónoma (first-level political and administrative division).

2

On 2 October 2016 came into force Law 39/2015, dated 1 October, on the Public Administration's Common Administrative Procedure.

3

The provisions of Law 39/2015 establish that each regional government (Consejo de Gobierno) shall make publicly available the regulatory agenda for the following year (Plan anual normativo).

4

The aim of this transparency measure is to ease the scrutiny and accountability of the regional government's regulatory activity.

A regional perspective

Although the regulatory agenda of each Regional Government varies, we have identified that the following sectors are likely to have a high regulatory impact during 2017:

A Pharma

B Tourism

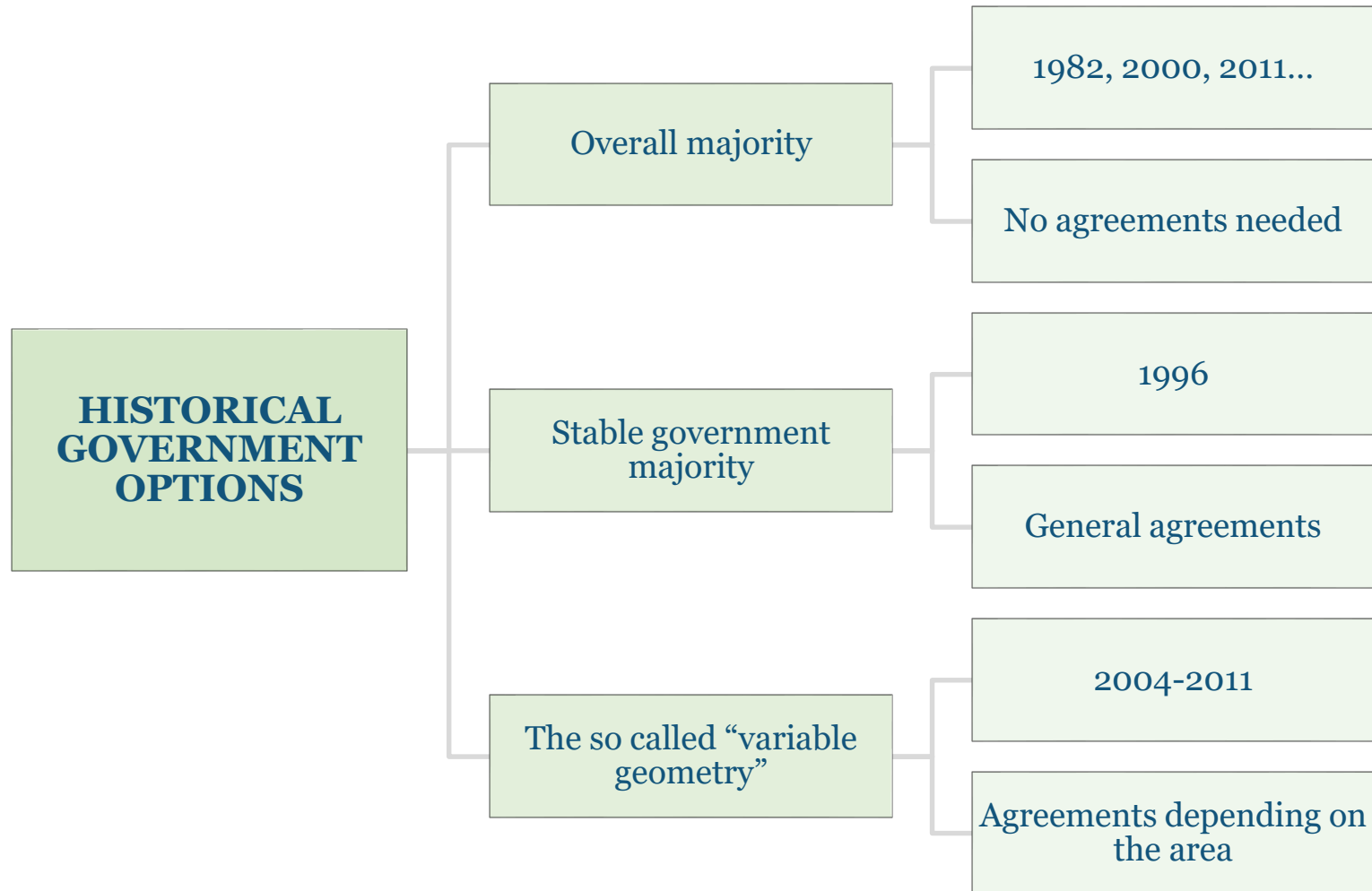
C Gambling

D New business models and the so-called sharing economies activities.

E Agro-alimentary

HISTORICAL POLITICAL SCENARIOS IN SPAIN

MENÚ

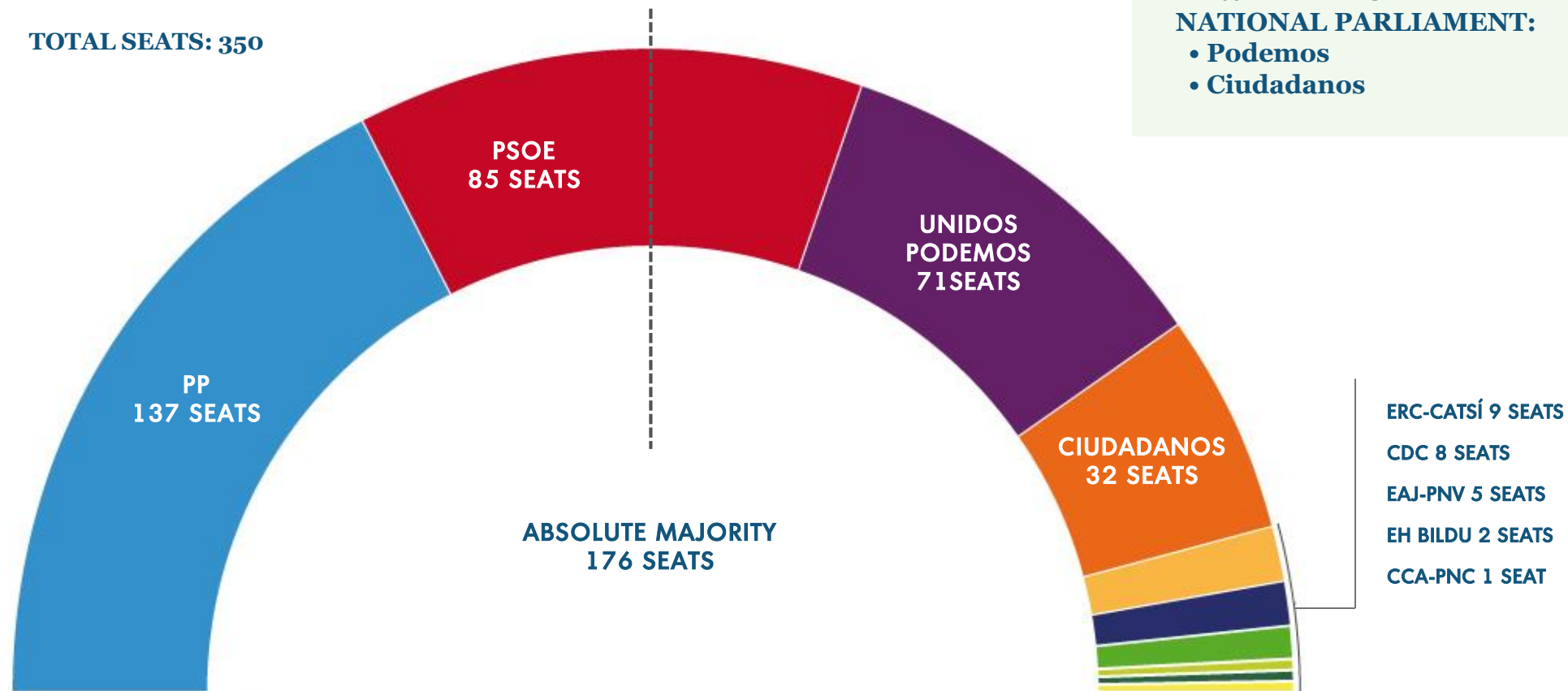


POLITICAL SCENARIO: ELECTIONS RESULTS

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COMPOSITION OF THE CONGRESS

TOTAL SEATS: 350



OPPORTUNITIES FOR CORPORATE STRATEGIES IN A FRAGMENTED SCENARIO

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CONTEXT FOR THE CORPORATE AFFAIRS STRATEGY

MENÚ

1

Economic growth after several years of a deep economic crisis: great moment for investing in Spain.

2

Uncertainty on the term of the Legislature, mainly due to the uncertainty on the leadership of the Socialist Party.

3

Increasing presence of stakeholders in institutions due to the standstill in 2016.

4

Increasing importance of social legitimacy in the design of public policy, partly due to the positioning of the new political parties which has been asking for an open participation

5

Fragmented parliament increase the importance of small political parties

ECONOMIC GROWTH AND IMPROVEMENT IN UNEMPLOYMENT RATE

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ECONOMIC GROWTH 2012-2016	<ol style="list-style-type: none">1. Spanish Economy grew 3,3% in 20162. In 2015, Spanish GDP grew 3,2%; while in 2014 Spanish economy grew 1,4%.3. Meanwhile, in 2013 Spanish economy shranked 1,2%, and 2,1% in 2012.
UNEMPLOYMENT	<ol style="list-style-type: none">1. Unemployment rates<ul style="list-style-type: none">• In 2016 Spanish economy reduced the amount of unemployed in 541.700 people (according to EPA survey published by INE)• The total amount of unemployed people is 4,237 millions, the lowest number since the third trimester of 2009• The unemployment rate has been reduced to 18,6%, 2,26 points under the rate of the previous year

ECONOMIC GROWTH AND IMPROVEMENT IN UNEMPLOYMENT RATE

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CORPORATE AFFAIRS STRATEGY

1. International presence of corporate affairs firms to attract clients
2. Active presence in international meetings and foreign
3. investment institutions to search for potential business
4. Good knowledge of foreign investment procedures required
5. Increasing importance of language skills

THE POPULAR PARTY HAS AN STABLE
AGREEMENT WITH CIUDADANOS

NEVERTHELESS IS NOT ENOUGH
AND IT ALWAYS AMIS
THE AGREEMENT WITH THE
SOCIALIST PARTY.

They agreed in different initiatives: to start the procedure to reform of the Autonomous Communities' financing; to fight Gender Violence; about the International day for Disabled People, about urgent reforms in autonomous work system; about an international statute for terrorism victims; about Climate Change; about excessive alcohol consumption among minors; about the future of toll roads; among others.

IF THERE IS NO BUDGET (WHICH HAS BEEN ALREADY EXTENDED), THE PRESIDENT OF THE GOVERNMENT MIGHT DISSOLVE PARLIAMENT AND CALL FOR NEW ELECTIONS.	
LEADERSHIP OF THE SOCIALIST PARTY	<ol style="list-style-type: none">1. Dismissal of the former Secretary General: October 1st 20172. Currently an interim executive body with good approach with the Government3. Election process of the new leader already opened which makes more difficult agreements with the government and mainly on the Budget.4. New leader by June (17-18th June “Congreso PSOE”)
CORPORATE AFFAIRS STRATEGY	<ol style="list-style-type: none">1. Big projects at the beginning of the Legislature.2. Concrete projects.3. Open dialogue with all political parties and not just with the Government: very active parliamentary life4. Good knowledge of parliamentary procedures required.

INCREASING PRESENCE OF STAKEHOLDERS IN INSTITUTIONS TO RECOVER FROM THE 2016 STANDSTILL

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VERY BUSY AGENDAS OF INSTITUTIONAL STAKEHOLDERS WHICH REQUIRED APPROPRIATE PREPARATION OF MEETINGS	<ol style="list-style-type: none">1. Bios, focused on technical skills and political positioning of the interlocutor2. Intelligence report on positioning of other stakeholders which might have met or will meet with the same officer or authority.3. Focused on specific purposes (no more than two or three points to avoid confusion).
IMPORTANCE OF DATA AND USER FRIENDLY DOCUMENTS	
ECONOMIC REPORTS AND COMPARATIVE ANALYSIS AS STRONG ARGUMENTS, WHICH MUST INCLUDE EXECUTIVE SUMMARIES	

INCREASING IMPORTANCE OF SOCIAL LEGITIMACY

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PROGRESSIVE NORMALIZATION OF THE LOBBYING ACTIVITY	1. Potential regulation of lobbying.
INCREASING IMPORTANCE OF TRANSPARENCY OF OUR ACTIVITY	1. public agendas of officials and institutions 2. Codes of conduct in organizations.
INCREASING IMPORTANCE OF DIGITALIZATION IN CA STRATEGIES	1. Digital intelligence 2. Influencers 3. Political presence in social networks, mainly new political actors
REGULATION OF LOBBIES	1. Proposal in the last Legislature, failed mainly because it was included in a much broader reform 2. Including a register in the Standing Orders of the Congress and the Senate as a potential first step 3. Already regulated on a mandatory basis in Catalonia and upcoming projects in other regions.

NEGATIVE ASPECTS	<ol style="list-style-type: none">1. Greater uncertainty2. Higher number of political stakeholders3. Parliamentary and political timing
POSITIVE ASPECTS	<ol style="list-style-type: none">1. A paradoxical effect: better environment for political agreements2. Regulatory opportunities3. Growing strength of regional and small political parties
CA STRATEGIES	<ol style="list-style-type: none">1. Active monitoring of parliamentary activity2. Search for expertise in parliamentary procedures (not just legislative but other functions)

CONCLUSIONS FOR PA STRATEGIES

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1

Positive environment for CA business in Spain, partly due to a complex political scenario

2

Economy as “the issue”: 2017 Budget as the first test

3

2017 as a key year for mid and long-term projects from a regulatory point of view

4

**Transparency and professionalism (open channels)
International Outlook**

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