

# **CHRONICLE OF A PREMEDITATED OFFENSIVE REPORT**

CONSEQUENCES FOR THE PEOPLE OF CATALONIA



# Executive Summary

This document should never have existed; or, at the very least, it should have been very short, because loyalty between administrations and a spirit of dialogue should be a constant feature of inter-governmental relations. Regrettably, the contents of this document are nothing unusual in the history of relations between Catalonia and the Spanish State, as evidenced by the *El Memorial de Greuges* (Report of Grievances) or *Report in Defence of the Moral and Material Interests of Catalonia (1885)* and the *Representation or Report of Grievances (1760)* which was presented to Carles III by the representatives of the capitals of the ancient Crown of Aragon.

Behind many of the specific cases detailed in this document beats the penance that the Spanish State imposes upon us for our original sin: claiming our own identity. This has led to repression by dictatorships and the oppression of laws imposed against the will of the majority of our citizens. In particular, ever since the Nova Planta decrees, the State has sought to subsume our identifying traits: in language, in law and in all the country's institutions.

However, as a people we are characterized by our resilience, our capacity to keep the faith, to overcome and to move forward, and this is why Catalonia – like the rest of Europe – was so heavily involved in the upsurge of industrialization in the 19th century, which ended up becoming another distinguishing feature of the Catalan character.

Thus aside from the unequal treatment and discrimination which will be fully detailed and evidenced later on, we have always maintained a grievance against the monolithic vision of the State and its centralist approach, to which everyone else, like it or not, is obliged to adhere.

In the last few years, the Spanish State has stifled and restricted the capacity of action of Catalan citizens in numerous ways: it has eradicated any kind of dialogue and undermined Catalonia's capacity for self-government, both economically and legislatively, in the forms of laws, appeals to the courts, etc.

Although this document contains a large number of these grievances it does not cover them all, as the recentralization process of the Spanish State makes itself felt with every day that passes, as demonstrated by the recent ruling of the Constitutional Court on the participative process of 9N (9 November).

As you will see in this document, **on the one hand the State suffers from 'inaction'** when it comes to negotiations (transfers of powers, the Fiscal Pact, the right to decide) or complying with rulings that are not in its interests, while **on the other it can be accused of 'hyperactivity'** when it comes to recentralizing power and curtailing Catalan self-rule in every sphere: social policies, economic policies and institutional policies.

Since 1978, the successive governments of the Generalitat (the Government of Catalonia), from different political parties, have constantly sought **solutions through dialogue and consensus**, in the awareness that above and beyond anything else it is essential to guarantee the wellbeing of the Catalan people.

Everyone remembers the long process of **negotiating the Statute of Autonomy of Catalonia in 2006**, which was first approved by the Parliament in 2005, then by the Spanish Parliament and put to a referendum among Catalans a few years later, and finally cut back by the courts. Also, **the discussions to reach a Fiscal Pact in 2012**, having clearly demonstrated the unsustainability of discriminatory financing for Catalonia that fails to reflect its economic and demographic weight; and finally the constant demand for Spanish institutions to provide the mechanisms to realize the **Catalan people's right to decide in 2014**.

Not only have our citizens' demands not been heeded, but we have come up against a solid wall. Since 2011, the **Spanish state has paralysed bilateral relations between the State and the Catalan Government**: none of the planned bilateral meetings of Spanish/Catalan government bodies to implement the Statute have taken place, nor have any transfers been approved or enlarged despite repeated demands from the Catalan Government to drive these forward.

In view of this situation of the Spanish State's complete unwillingness to enter into dialogue, of mass demonstrations on the streets demanding the right to decide and, most importantly, to avoid being drawn into inaction, the Catalan Government did everything possible to ensure that **9 November 2014 would give** a voice to the people of Catalonia – in other words, to exercise their democratic rights – and to give an outlet to the grievances of its citizens, who voted by a very clear majority in support of a change to the model of relationship between Catalonia and Spain.

There are many reasons why we have reached this point and this document reflects some of them; amongst others, the lack of dialogue described above, the economic stifling of institutions, the undermining of self-rule, the assault on the Catalan educational model, and the disparagement of our language. It should not be forgotten that all of this has a direct impact **on our citizens**.

One of the reasons that this economic suffocation has come about is the result of an **unfair financing model** in which Catalonia is the **third autonomous region in terms of the amount of tax it contributes** to the autonomous financing system, yet **tenth in terms of the per capita resources it receives**, putting Catalonia below the average. In January 2014, the new financing model for autonomous regions should have gone into effect, but one-and-a-half years later the Spanish Government is still refusing to implement this review.

Running parallel to this, Catalonia's fiscal deficit with the central State Administration reached 15,006 million euros in 2011, 7.7% of GDP, which is **approximately equal to all Catalan Government spending on health, education and social welfare** in 2011, or the provision for Spanish Government spending on defence and security in 2011.

This fiscal deficit **is a long-standing situation**: in the last 25 years, Catalonia has suffered from an annual fiscal deficit equal to 8% of its GDP.

In view of this situation, the Catalan Government has had to pull out every stop to find new sources of revenue and reduce spending without it affecting the welfare state, yet often with an inadequate response from the State: **the State has systematically contested in the courts any new form of tax system** that would enable the Catalan Government to increase its revenue (tax on deposits in credit institutions, on the production of nuclear energy, the euro on every medical prescription, etc.); it has **unfairly distributed deficit targets**, keeping a large number of the permitted targets for itself; and it has failed to fulfil the commitments it has made.

A prime example of this is the implementation of the **Dependency Act**, in which the public financing commitment should have been split equally between the State and the Catalan Government: in 2014, the State set aside 192 million euros while the Catalan Government had to spend 909 million euros, more than four times greater. If the Catalan Government had contributed the same amount as the Spanish State, 65% of unemployed people would have been left out of this system.

Another failed agreement is the one on **investments in infrastructures**: the Statute of Autonomy reflects the State's commitment to investing in Catalonia in accordance with its economic weight in order to resolve the country's chronic infrastructure deficit. However, the State's debt due to noncompliance with this agreement has now reached 3,967 million euros.

This is not a question of budgetary availability but one of lack of determination: while only 7% of the **Catalan Suburban Railways Plan** has been executed, the Madrid Suburban Railways Plan has been completed in full. It is the citizens of Catalonia who are suffering from the delays on this railway service on a daily basis.

This discretionary approach to the division of resources can be seen in other areas such as contributions to **cultural facilities**; provisions for culture in Catalonia were frozen in the general budget of 2015, yet those for the Prado, Reina Sofía and Thyssen museums and the Royal Theatre in Madrid were increased – and in the budget for the **Rural Development Plan**, the State contributed just 7.3% for the Catalan countryside against 23% for other communities.

This recentralization process has not only been enforced in the economy but also in the legal arena. Aside from the tax figures already mentioned, the State has filed 19 unconstitutionality appeals against Catalan provisions, most notably those that affect the **Catalan retail model** and those intended to tackle cases of **energy poverty**. Meanwhile, the Catalan Government has also been obliged to resort to the courts to defend itself against laws that attack its self-rule.

It is important to note that this litigation goes back many years, and that instead of scrupulously abiding by its commitments, the Spanish State has been in breach of them for a long time. Indeed, in spite of the fact that the Constitutional Court has ruled on various occasions on the State's obligation to **territorialize** State funds destined for **subsidies**, the legislation passed by the State continues to disregard this constitutional case law and year after year plans for the centralized management of funds, to the detriment of organizations that are not affiliated to the State.

For over 15 years, the State has been breaching the rulings of the Constitutional Court in favour of the **territorial management of the 0.7% of Income Tax Returns intended for social purposes**, something that the Catalan Government has been protesting against since 1998, as it means that Catalan social organizations have failed to receive the more than 20 million euros collected in Catalonia.

Similarly, for more than 20 years the **Spanish State has been breaching the law on study grants** and has failed to transfer entitlement to the Catalan Government as recognized by the courts; and even 30 years since the first requests were submitted it has still not fully returned the '**Salamanca Papers**'.

The final chapters of this document focus on elements of integration and social cohesion in the country: the **Catalan language** and the **Catalan educational model**, and it is here that the country is under constant attack. On the one hand, the passing of

the **Organic Law for the Improvement of Educational Quality** has changed the educational model to the detriment of the continuity of the Catalan inclusive model and linguistic immersion system that has worked so well for more than 30 years. On the other, the **constant disparagement of the Catalan language** and its regular use – laws that impose the use of Spanish, the lack of joint official status, etc. – and the passive attitude of Spanish institutions towards **hostile attitudes towards all things Catalan** are factors that have unquestionably added to the reasons that have led the citizens of Catalonia to demand a new type of relationship with the State.

This desire for self-rule has a dual significance: on the one hand, to improve the standard of living of all the citizens of Catalonia, based on economic progress and the sustainability of the welfare state, and on the other, to fulfil their collective longing to be a people with the right to decide.



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# 1 Unwillingness to engage in dialogue

The Catalan government has always sought a negotiated and mutually-agreed solution to satisfy the wishes and desires expressed by a large majority of the Catalan people in relation to the political future of Catalonia and hence guarantee its economic, social and cultural progress.

## Timeline of actions

The steps taken in different spheres, always at the initiative of the Catalan Government, are as follows.

### Statute of Autonomy

- The Statute was approved by the Catalan Parliament on 30 September 2005, by the Spanish Parliament on 10 May 2006, and ratified by the people of Catalonia in a referendum on 18 June 2006, with 73.9% of the vote in favour (1,899,897 votes).
- June 28, 2010: the Constitutional Court approved the ruling that declared the “legal inefficiency” of the Preamble (with reference to the term ‘nation’ to describe Catalonia), ruled 14 articles to be unconstitutional (one totally and 13 partially) and reinterpreted a further 27 articles.

### Fiscal Pact

- July 2012: the Catalan Parliament approved a bill for a Fiscal Pact to be negotiated with the Spanish State, with the votes of the CiU, ERC and ICV-EUiA parties and the partial support of the PSC.
- September 20, 2012: President Mas invited Spanish Prime Minister Rajoy to open negotiations on the Fiscal Pact. This offer of dialogue and negotiation was rejected.
- As of today’s date, the Spanish Government has failed to comply with the LOFCA, and has not even updated the financing model.

### Consultation

- November 2012: the people of Catalonia voted in favour of the right to decide with a majority of over two-thirds.
- July 26, 2013: the President of Catalonia sent a letter to Spanish Prime Minister Rajoy suggesting the need to discuss an agreed consultation.

- January 16, 2014: the Plenary of the Parliament agreed to ask the Chamber of Deputies to delegate the powers to organize a referendum with the support of two-thirds of the chamber.
- April 8, 2014: the spokespeople of the parliamentary parties in favour of transferring powers in relation to the referendum appeared before the Chamber of Deputies. The Catalan Parliament's proposal was rejected by 299 votes against and 46 in favour.
- September 19, 2014: the Plenary of the Catalan Parliament approved the Non-Referendum Popular Consultations and Other Forms of Citizen Participation Act by more than two-thirds (106 votes in favour and 28 against).
- September 27, 2014: the President of the Catalan Government signed the decree convening the Consultation on 9 November.
- September 29, 2014: at an extraordinary meeting, the Constitutional Court accepted the appeals lodged by the Spanish Government against the Non-Referendum Popular Consultations Act and the Decree calling the Consultation, leading to its suspension.
- The Catalan Government conceded that the Decree could not be put into effect and that it would hold a process of participation to guarantee the exercise of the fundamental rights and freedoms of the citizens of Catalonia.
- November 9, 2014: the date of the process of citizen participation, consisting of the questions: "Do you want Catalonia to become a state? If the answer is affirmative, do you want this State to be independent?"
- Of the 2,344,828 participants, 1,897,274 voted in favour of Catalonia becoming an independent state.
- November 11, 2014: the President sent another letter to Spanish Prime Minister Rajoy reiterating his willingness to engage in dialogue to agree the terms of a definitive and binding consultation.

### **Meetings between President Mas and Prime Minister Rajoy**

- Of the various meetings held between the two leaders, it is worth highlighting the one on 30 July 2014 at which President Mas presented a document containing 23 important points on various subjects, none of which have achieved any significant response.

# Bilateral State-Catalan Government Committees

The State has paralysed bilateral relations between the Spanish and Catalan governments: in 2012, 2013, 2014 and 2015 none of the meetings planned between Spanish and Catalan bilateral committees to discuss the implementation of the Statute were held, despite repeated requests from the Catalan Government.

The impact of this shutdown of bilateral relations can be seen in the following aspects:

- **The development of self-rule in collaboration with the State has been frozen.** It should be noted that this behaviour by the State is not only counterproductive to the smooth development of these relations but also, on certain occasions, entails a direct breach of the law. For example, Article 183.4 of the Catalan Statute of Autonomy states that the Bilateral Committee “shall meet in a plenary session at least twice a year, and whenever either of the two parties requests a meeting.”
- **None of the Spanish State-Catalan Government bilateral committees planned to implement the Statute have met.** Despite repeated requests from the Catalan Government for meetings (State-Catalan Government Bilateral Committee, Joint Committee on Economic and Tax Affairs, Joint Committee on the Transfer of Powers), no transfers of functions and services from the State to the Catalan Government have been either negotiated or approved, even though the new Statute, in the section ratified by the Constitutional Court, requires this transfer of powers to take place.

Annex 1 contains the list of transfers either pending or halted.

- **Failure to comply with the agreements adopted by the State-Catalan Government Bilateral Committee of 2011.** Breach of commitments undertaken such as payment of the settlement of the Third Additional Provision of the Statute corresponding to 2008 for 759 million euros and the negotiation of pending transfers in such key areas as scholarships and study grants, and economic and administrative claims in relation to taxes transferred to the Catalan Government.
- **Underestimation of inter-administrative relations.** With regard to the regulation of relations between the different administrations, the institutional nature of meetings between governments has been downgraded to meetings with a merely administrative character.

In short, the Catalan Government has pushed forward all the negotiation mechanisms at its disposal to engage in dialogue with the State, but the latter has chosen to ignore the demands of Catalan citizens and their administrations, to the point of breaching agreements already reached and the legality established by the Catalan Statute of Autonomy.

# 2 Recentralization through the economy

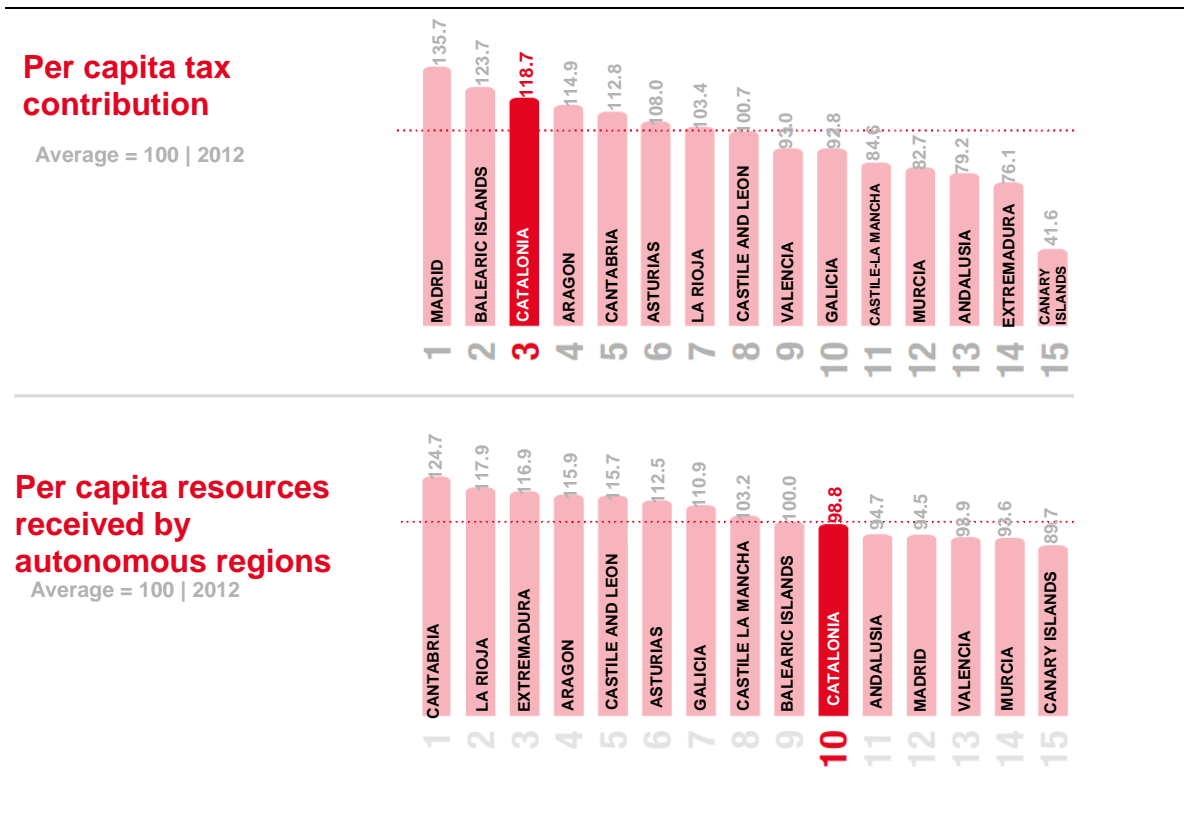
## Economic suffocation of the country

### Financing model

The current financing model places Catalonia below the Spanish average in terms of the resources it receives.

- Catalonia is the third autonomous region in terms of the tax resources it contributes to the autonomous financing system, but tenth in the per capita resources it receives.
- The new financing model for autonomous regions should have gone into effect in 2014. The Spanish Government has refused to review the model, with the subsequent loss of resources by the Catalan Government.

Catalonia is the third autonomous region in the amount it pays, but the tenth in the amount it receives



The Spanish State **has delayed the negotiation and approval of the new** financing model. The current model – approved for going into effect on 1 January 2009 – ‘expired’ on 31 December 2013 without even **a negotiation period having being opened for** the new model, even though a five-year review had been established.

#### **Claims presented by the Catalan Government:**

- 7 August 2014: Submission of a **request to the Ministry of Finance** to start **reviewing the current financing model** in effect since 2009, which should have gone into effect on 1 January 2014.
- September 19, 2014: **Claim for an advance on the Competitiveness Fund.** A letter was sent to the Ministry of Finance and Public Administrations requesting that the Competitiveness Fund should once again be included in the advance of the financing model for **2014 and successive years**, as was done in 2009 and 2010. This letter was **answered by the Secretary of State for Public Administrations** on 6 November rejecting the request.

#### **Advances and the financing system**

The way the financing system works has considerably harmed autonomous regions in the last two years.

- Every year, Catalonia – and the other autonomous regions – receives an **advance or provision against income** for the taxes that it is entitled to. This sum **is settled two years later** and is calculated previously on the estimated tax collection made according to growth forecasts.
- During 2014, growth forecasts improved considerably compared to those used to draw up the General State Budget of 2014 and **the State collected more than expected.** The situation in 2015 is the same.
- Catalonia’s advance in 2014 should have had an additional 900 million euros, yet Catalonia will not receive it until 2016 (and the advance for 2015, in 2017), even though it needs this amount now.
- Paradoxically, in spite of the parlous state of Catalan public finances, the situation is as if the Catalan Government were financing the State to the tune of 900 million euros.

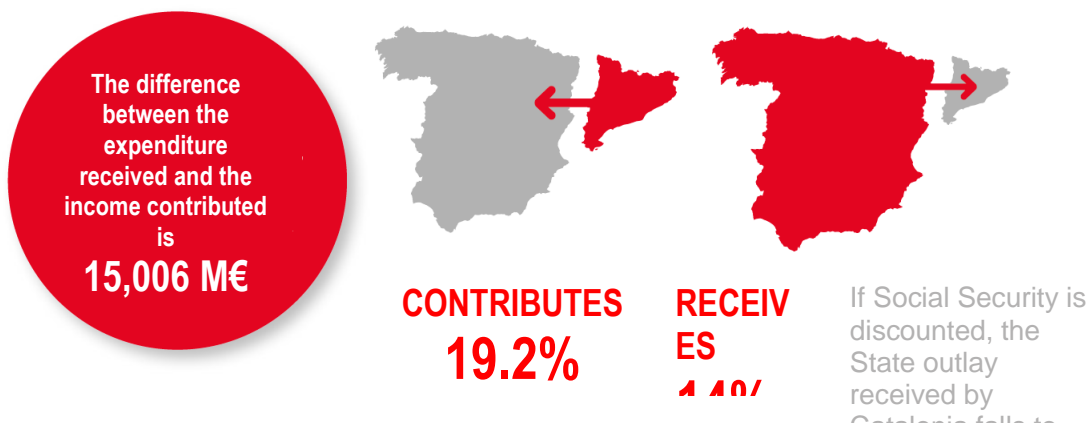
## Fiscal balance

- Catalonia's fiscal deficit with the central State Administration continues and in 2011 reached 15,006 million euros, 7.7% of its GDP. This is approximately equivalent to:
  - All the Catalan Government's spending on health, education and welfare in 2011 (16,322 M€).
  - One third of the outstanding debt of the Catalan Government as at 31/12/2011 (43,172 M€).
  - Almost double the figure for public investments in the General State Budget for 2011 (8,230 M€).
  - The provision for State spending in 2011 on defence and security (15,270 M€).
  - More than Spain's contribution to the European Union (12,117 M€) or the provision for transfers to be received from the European Union (13,265 M€) in 2011.
- Between 1986 and 2011, Catalonia's annual fiscal deficit amounted to 8% of its GDP.

The amount of the fiscal balance is the difference between the revenue contributed to the central public sector from Catalonia and the expenditure that this public sector earmarks for Catalonia. The results of the latest figures are presented below, based on two calculation methods: the monetary flow formula and the tax-benefit formula.

### Monetary flow formula

- Catalonia **contributes 19.2% of the total revenue** of the central Administration and **receives 14% of the entire State expenditure**. Therefore, Catalonia contributes in a proportion greater than its own weight in the state GDP (18.6% in 2011) yet in contrast receives a fraction of the State expenditure that does not even reach the proportion of its population within the State (16%).



### Tax-benefit formula

- The fiscal deficit of Catalonia in 2011 was **11,087 million euros**, which represents **5.7% of the Catalan GDP**.
- Catalonia **contributed 18.9% of the total revenue** and **received 15% of State spending**.
- Between 2002 and 2011, Catalonia had an average annual fiscal deficit of 6.1% of its GDP.

### The impact of Social Security

- If the fiscal balance is calculated **without Social Security** (including unemployment), the spending received by Catalonia **falls from 14% to 9.4%**. This is due to the fact that Social Security spending is bound to certain rights and obligations on an individual level and is therefore not subject to the discretionality of the regional policies of Spain's central government.

	% revenue contributed by Catalonia	% spending received by Catalonia	Difference between % received – % contributed
State + autonomous agencies + public enterprises	19.5	9.4	-10.1
Social Security	19.0	16.9	-2.1
<b>Total in Catalonia</b>	<b>19.2</b>	<b>14.0</b>	<b>-5.2</b>

- Thus the **difference** between the percentage that **Catalonia receives and what it contributes is doubled** when **discretionary spending is taken into account**, going from **-5.2 to -10.1** percentage points.

## Third Additional Provision of Catalonia's Statute of Autonomy

The State's debt as a result of its breach of the agreement in the Third Additional Provision (DA3) of the Statute amounts to 3,967 million euros, 2,456 of which should already have been paid. The State pledged to invest in Catalonia in accordance with its economic weight.

With this amount, it would be possible to build four irrigation systems like the Segarra-Garrigues, or 20 rail shuttles from El Prat airport, or complete Line 9 of the Barcelona Metro system, amongst other major works.



- The State has failed to abide by the agreement in the Third Additional Provision of the Catalan Statute of Autonomy, which states that **State spending in Catalonia on infrastructures will be equal to Catalonia's relative share of the GDP** in relation to the State GDP for a period of seven years, i.e. between 2007 and 2013.
- According to the approved methodology, once the settlements of this financing mechanism of investments corresponding to two financial years have been made, to guarantee compliance with the Provision, any possible discrepancies will be resolved by means of a transfer of capital to the Catalan Government.
- At present, it is estimated that the debt corresponding to the period of **2008-2013** (to be received between 2011 and 2016) is **3,967 M€**, of which 2,456 M€ should have been paid between 2011 and 2014:

<b>State debt in relation to the DA3 of the Statute:</b>	<b>3,967 M€</b>
2008, payable in 2011:	<b>759 M€</b>
2009, payable in 2012:	<b>211 M€</b>
2010, payable in 2013:	<b>710 M€</b>
2011, payable in 2014:	<b>776 M€</b>
2012, payable in 2015:	<b>849 M€</b>
2013, payable in 2016:	<b>661 M€</b>

#### **Claims submitted for compliance with the DA3 of the Statute of Autonomy:**

- January 24, 2014: **injunction** for breach of the DA3 corresponding to the **settlement of the 2008 financial year**, representing the transfer of capital from the State to the Catalan Government in **2011** of the sum of **759 million euros**.
- February 5, 2014: **injunction** for breach of the DA3 corresponding to the financial years of **2009 and 2010** which should have resulted in transfers of capital from the State to the Catalan Government in **2012 and 2013** of **211 and 710 million euros**, respectively.
- April 7, 2014: lodging of a **contentious-administrative appeal** for breach of the DA3 corresponding to the settlement of the financial year of **2008**.
- June 4, 2014: lodging of a **contentious-administrative appeal** for breach of the DA3 corresponding to the settlement of the financial years of **2009 and 2010**.

## Budgetary policy, deficit targets and institutional loyalty

- The State government has divided the deficit limits between the different levels of public administration without abiding by the Law on Budgetary Stability and Financial Sustainability, assigning itself a disproportionate share compared to the rest.
- In the case of Catalonia, which already had a higher deficit than other autonomous regions, the State has carried out a more intensive process of adjustment: although the Catalan Government only represents 5.79% of public spending on public administrations as a whole by the State, it was subject to 9.66% of the adjustments carried out in the 2010-2014 period.
- In applying the Law on Budgetary Stability and Financial Sustainability, the State has moved to exercising real financial tutelage over the Catalan Government in numerous spheres: access to debt, the requirement to adopt measures to adjust revenue and spending, etc.

The State Government has used the **failure to comply with the deficit target** by autonomous regions to **malign them**. Nevertheless, the distribution of the deficit target among the different administrations has been **arbitrary**, even going **against the Law on Budgetary Stability and Financial Sustainability itself**:

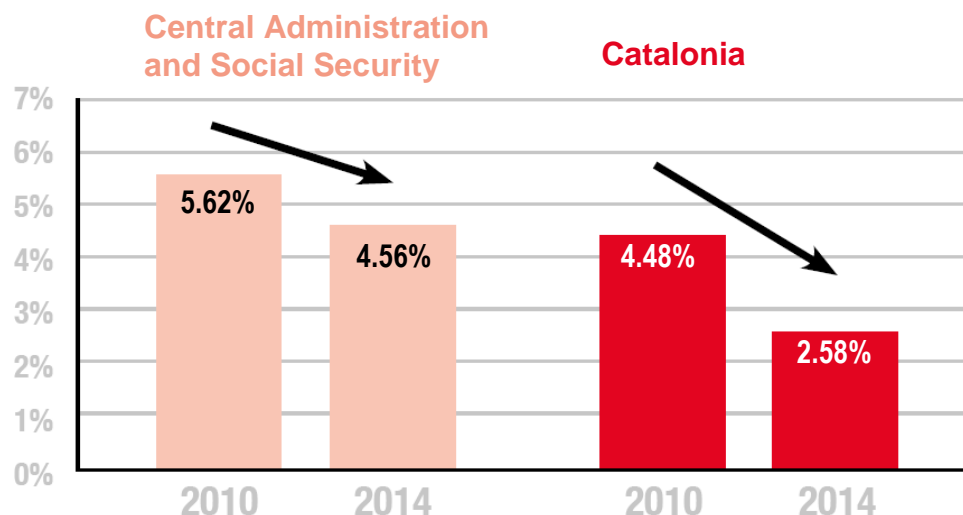
- The State has **assigned itself a disproportionate share** compared to other levels of public administrations, thus making it much easier to comply with, to the detriment of the **autonomous regions**, which are the **major providers of State welfare services**.
- Catalonia started from a **higher level of deficit** than other autonomous regions. It would have been reasonable – in the same way as the European Union does among its different member states – to have a **gentler process of adaptation**.
  - Apart from the financial year of **2013**, there has been no **difference in treatment** according to the relative level of the starting imbalance in public finances.

This has led to a **more intensive process of adjustment for autonomous regions in general and Catalonia in particular**. Thus while the Central Administration and Social Security have reduced the deficit by just over one point of the GDP (going from 5.62% of the GDP to 4.56%), the Catalan Government has reduced it by almost two points (from 4.48% of the GDP to 2.58%).

- In just four years, the proportion of the autonomous regions has gone from 35.1% of total public spending in 2010 to 31.87% in 2014, while the share of the Central Administration has risen from 21% to 23.32%.
  - In 2014, the autonomous regions only accounted for 31.87% of total public spending, considerably lower than their weight in the adjustment (40.98%).

- In the case of the Catalan Government, its share of the adjustment (9.66%) exceeds by almost four percentage points its share of total public spending (5.79%).

### Effort to reduce the public deficit 2010-2014



The fiscal consolidation adjustment of the Central Administration and Social Security between 2010 and 2014 was 12,504 M€, which to a large extent was made possible thanks to increases in VAT (8,000 M€), in which the Catalan Government did not participate.

If we discount revenue from VAT, the adjustment of the Central Administration and Social Security comes to 4,504 M€, while that of the Catalan Government is 3,948 M€.

Moreover, it should be borne in mind that the 2014 deficit of the Catalan Government was pushed up by certain *one-off* operations associated with accounting regularizations or perimeter changes. Discounting these impacts, the deficit would have been 2.14% of the GDP.

### Financial tutelage over the Catalan Government

In applying the Law on Budgetary Stability and Financial Sustainability, the Central Government has made a move to exerting **real financial tutelage over the Catalan Government**.

- This tutelage takes **numerous forms**, most notably **access to debt**, the possibility of demanding **the adoption of measures to adjust** income and spending that could be very significant, the **possibility of noncompliance with agreements** signed on economic contributions, etc. In many cases, the State can justify its intervention based on noncompliance with deficit targets or skewed debt assignment.
- At the same time, the Law obliges the Catalan Government to **provide a very varied and detailed set of information on a regular basis** which entails a significant expense.

Finally, the State has set up the **Independent Authority for Fiscal Responsibility (AIREF)** which operates as an independent body with the mission of constantly

monitoring the budget cycle and public debt and analysing macroeconomic forecasts. However, it has established a **centralized relationship** whereby the main point of contact with the AIREF is the Central Government.

### Distribution of deficit targets

- **The overall authority to distribute deficit targets** among public administrations rests with the Central Government, which uses this power to **benefit the Central Administration** to the detriment of the autonomous regions, which are the major providers of Welfare State services.
- The management capacity of **autonomous governments**, which represent **36% of the total** public spending of the Administrations, **does not correspond with the deficit target** being demanded.
- There are three factors which make it **very difficult** for the Catalan Government to **fulfil its payment commitments** (acquired during times of the economic boom) of **strategic infrastructural and equipment projects** that have been funded by **structured systems** (around 1,300 M€ per year) and at the same time comply with the **deficit targets** laid down by the State:
  - The economic situation caused by the crisis, which has led to a **significant reduction in tax resources**.
  - The **financing system** which has clearly been shown as insufficient for Catalonia.
  - The difficulty of getting access to capital markets with reasonable terms and conditions.
- In an example of its **lack of institutional loyalty**, the State demands **debt reduction** while at the same time placing **obstacles to the creation of its own taxes** by the Catalan Government, systematically contesting any measures it takes in this respect. In the case of the **tax on deposits in credit institutions a State tax without a collection intermediary** was created to prevent autonomous management of the tax; subsequently, the State raised and set the tax at 0.03% for Spain as a whole, one tenth of the minimum rate that the Catalan Government had established.
- The **distribution of deficit targets** among government levels imposes a **much higher deficit reduction effort** on autonomous regions than on the Central Administration, something that contradicts the very Law on Budgetary Stability and Financial Sustainability.

### Evolution of deficit targets

Over the last few years, the **established deficit targets have varied**, but the situation of **discrimination against autonomous regions** has remained **the same**.

- **2012:** The European Union **makes deficit targets more flexible for 2013**, going from 3% to 4.5% of GDP. The State **reduces the deficit limit for autonomous regions** (from 1.1% to 0.7% of GDP), while increasing its own margin (from 2.5% to 3.8% of GDP).

- **2013:** The State presents a revised Stability Plan to the EU which envisages a global deficit for 2013 of 6.3% of GDP (up to this point it had been 4.5%) and a deficit for the autonomous regions of 1.3% (only two decimal points higher than the initially approved 1.1%).
- **2013:** The European Commission **enlarges Spain's deficit target** to 6.5% of GDP; the autonomous regions saw no benefit from this and **their target remained at 1.3%**, while that of the State rose to 5.2%.
- **2014:** The State presents the updated Stability Plan to the EU and **reduces the deficit target envisaged for the public administrations as a whole by three decimal points** for 2014, going from 5.8% to 5.5%. Although this fraction was absorbed by the State, the Catalan Government unsuccessfully claimed that it should be used to alleviate the pressure on autonomous regions, given that they only had a deficit of 18.2%, though being responsible for one-third of the expenditure.

#### Tables showing a comparison of deficit targets

#### Deficit targets of autonomous regions (%GDP)

	2013	2014	2015	2016
<b>Approved by the Council of Ministers</b>	<b>-1.30</b>	<b>-1.00</b>	<b>-0.70</b>	<b>-0.20</b>
<b>According to the Catalan Government's administrative appeal</b>	<b>-2.50</b>	<b>-2.24</b>	<b>-1.62</b>	<b>-1.09</b>

Thus if the **Law on Budgetary Stability and Financial Sustainability** had been applied, the autonomous regions would have had a bigger margin for undertaking the process of fiscal consolidation, and the Catalan Government would have easily fulfilled its deficit target for 2013 and it could even have avoided making certain cuts to social spending. With regard to 2014, it would also have managed to remain within the established limits, although without including one-off operations such as the explicit inclusion in the scope of the Catalan Government's public sector of the C17 motorway.

In June 2014, the Council of Ministers approved the targets for the 2015- 2017 period which established a deficit for autonomous regions of 0.7% for 2015, 0.3% for 2016 and a balance for 2017.

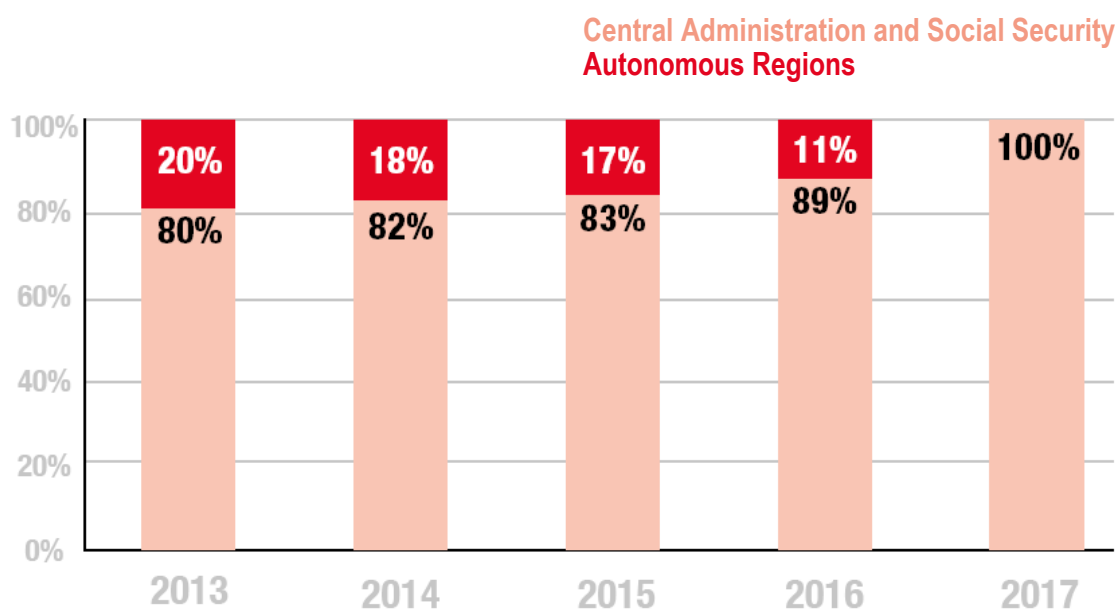
## Capacity (+) / Necessity (-) of financing, SEC-95 (%GDP)

	2015	2016	2017
<b>Total public administrations</b>	<b>-4.2</b>	<b>-2.8</b>	<b>-1.1</b>
<b>Central Administration and SS</b>	<b>-3.5</b>	<b>-2.5</b>	<b>-1.1</b>
<b>Autonomous Regions</b>	<b>-0.7</b>	<b>-0.3</b>	<b>0.0</b>
<b>Local organizations</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Agreement of the Council of Ministers 27.06.2014

Thus the overall distribution of deficit targets ended up as follows:

### Distribution of deficit targets 2013-2017



Year after year, the State (Central Administration and Social Security) has assigned itself a larger percentage of the deficit target (80% in 2013; 100% in 2017), even though the State spending only accounts for just over 57% of the total public spending.

At the same time, the autonomous regions – with one-third of total public spending – have seen their share of the deficit target reduced until achieving a balanced budget in 2017.

Local entities were obliged to reach a deficit of 0% by 2013.

### Actions in relation to the deficit targets:

- 6 August 2013: Presentation of a **request to the Ministry of Finance and Public Administrations** with regard to the **deficit targets of the autonomous regions as a whole**.
- October 18, 2013: Reply from the Ministry dismissing the request.
- **Preparation of a contentious administrative appeal** against the deficit targets of the autonomous regions as a whole. This appeal questions the distribution of the deficit targets between levels of government, in such a way that it attributes to the autonomous regions a deficit reduction effort far higher than that of the Central Administration, in contravention of the Organic Law on Budgetary Stability and Financial Sustainability.

## Taxes and the tax system



- **The State Government has almost systematically lodged unconstitutionality appeals against the taxation measures introduced by the Catalan Government: judicial taxes, the “euro per prescription”, the tax on the production of electricity of nuclear origin, the tax on the provision of content by electronic communication service providers and the promotion of audio-visual broadcasting and digital culture, and the tax on deposits in credit institutions.**
- **In other cases, the State has legislated on taxes transferred to the Catalan Government without allowing it a share in the increased collection (income tax and VAT) or leading to a drop in revenue (ITPAJD).**



The State Government has **blocked** a large proportion of the measures that the Catalan Government has introduced to the **taxation**, even though the very same State insists that the autonomous regions must increase taxes in order to move forward with fiscal consolidation.

Some of the taxes it has blocked include:

- **Catalan judicial taxes.** The State went to the **Constitutional Court** to contest the judicial taxes that the Catalan Government established in 2012, leading to their **suspension** and the consequent lack of revenue, although in this particular case the **Constitutional Court finally ended up favouring** the Catalan Government.
- **Tax on the “euro per prescription”.** The State Government **went to the Constitutional Court to contest the imposition of the tax** on preparatory and ancillary services to improve the information inherent in the process of prescribing and dispensing medicines and medical devices by issuing medical prescriptions and dispensing orders, which was based on a desire to **improve efficiency in the use of medicines**. This tax was in force for less than one year, during which it demonstrated its efficacy in terms of its original objective. Even so, based on the principle of equality for all citizens of the State, the

Constitutional Court eventually ruled that it did not conform to the law.

- **Tax on deposits in credit institutions.** The State created this tax with a **retroactive effect** and an **interest rate of 0%** in order to **prevent the Catalan Government from getting access to this revenue**, with an impact on **tax collection of 635.1 million euros** per financial year. The Catalan law to create the tax was supported by a favourable report from the Council of Statutory Guarantees. Despite this, the Central Government finally lodged an appeal with the Constitutional Court which ended up ruling in its favour, despite **a vote against of five magistrates**. Thus the State tax was applied, with a rate of 0.03%, and revenue for Catalonia of **58 million euros**.
- At present, the following taxes are under negotiation in the Bilateral Committee on Cooperation between the General State Administration and the Catalan Government (Article 33 of Organic Law 2/1979, of 3 October 1979, of the Constitutional Court):
  - **Tax on the production of electricity of nuclear origin**, passed by Law 12/2014, of 10 October.
  - **Tax on the provision of content by electronic communication service providers and the promotion of audio-visual broadcasting and digital culture**, passed by Law 15/2014, of 4 December 2014.

In other cases, the State has legislated on **taxes transferred to the Catalan Government without giving it a share of the increased collection or lowering its revenue**:

- **Income tax**, a tax for which the Catalan Government is granted 50% of the gross takings in its territory. The State has passed various laws without envisaging the **50% share** in the **new revenue arising from these legislative modifications**:
  - The increased **fiscal pressure on Income Tax by the State** during the 2012-2014 period restricted the fiscal space of the Catalan Government in this shared taxable base, although with the reform which went into effect from 2015, part of this fiscal space has been recovered.
  - The approval in 2012 of the **special tax declaration** that could be presented by taxpayers of IRPF, IS, IRNR, holders of assets or rights that do not correspond to the income declared in these taxes, with the aim of regularizing their tax situation ("**fiscal amnesty**"). This should have anticipated the **apportionment to autonomous regions of 50% of the revenue obtained from Income Tax taxpayers** (individuals resident in the autonomous region).
  - The **creation**, dating from 2013, of the **special tax on lottery wins and bets**. As this relates to obtaining income, the Catalan Government should also be entitled to **50% of the collection of this tax** on winnings of individual resident in Catalonia (Income Tax taxpayers).
- **VAT and special taxes:** The **increase in the State's fiscal pressure** on these special taxes has not affected the portion of revenue granted to the Catalan



Government; nor has it received any compensation for the effects of fiscal measures on economic activity and, therefore, the regional portion of this revenue.

- **VAT-ITPAJD balance:** The State has **destroyed the balance** that existed between Value Added Tax (VAT, a State tax) and the ITPAJD (a tax granted to autonomous regions) by **legislative** and doctrinal mechanisms to relax the requirements for considering **the application of the former to the detriment of the latter in the case of rehabilitations, compensation boards and waivers of VAT exemption**. According to the Report by the joint AEAT-ATC committee, which examines conflicts of application between the two taxes, in 2014 **64% of the cases** that had been **classified initially by the Catalan Government** as subject to ITP were **finally subject to VAT**.
- With regard to the Tax on Asset Transfers and Documented Legal Transactions (ITPAJD):
  - The State has legislated by establishing **tax exemptions for the company operations section** of the ITPAJD, transferred to autonomous regions, to the point of **reducing to the absolute minimum tax collection** on this item, which has gone from **90 million euros collected in 2010** (the measure went into effect in December 2010) **to 7 million euros in 2014**.
  - Furthermore, it has legislated to establish **subjective exemption** in favour of *Asset Management Companies for Assets Arising from Bank Restructuring (SAREB)*, which has meant that the **transmission of property owned by the financial institutions affected** for restructuring purposes is subject to **zero ITPAJD tax**, which is transferred to the autonomous regions. In total, during 2013 and 2014, some 137 transactions were declared as exempt in which the SAREB was the taxpayer, with an estimated tax revenue over these two years of **864.7 million euros**.

Finally, the State has **hindered by political means the creation of the Tax Consortium envisaged** in Article 204.2 of the Statute of Autonomy of 2006, failing to comply with the anticipated two-year term, and subsequently refusing to negotiate a fiscal pact.

Furthermore, the **State Tax Administration Agency (AEAT) continues to put obstacles in the way of** the Catalan Tax Agency's (ATC) access to all the tax details of Catalan taxpayers (including the details from declarations of foreign assets and the fiscal amnesty) and limits its access to one-off queries and restricted accesses. These obstacles make it difficult for the ATC to adopt measures to encourage voluntary tax declarations.

This lack of collaboration also extends to the **creation of the Cadastral Consortium** envisaged in Article 221 of the Statute, demanded by the majority of town and city councils and instigated by the Parliament of Catalonia, for which the Minister of Finance and Public Administrations has even refused the creation of a working group requested expressly by the Catalan Government.

# Cutbacks to resources with an impact on the welfare state

## In the sphere of welfare and family affairs

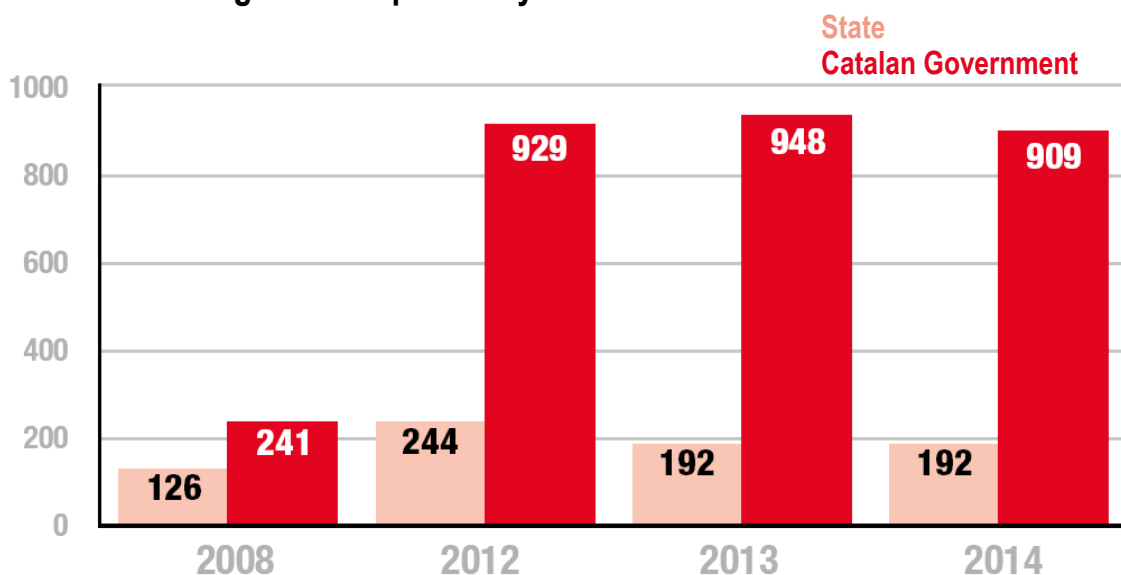
The State has overlooked its participation in financing the Dependency Act. According to the Law, each party is required to contribute 50%, but the fact is that Catalonia is contributing 82.5% of the public funding for the Law and the Spanish Government is only providing 17.5%.

If the Catalan Government were to contribute the same resources as the State to financing the Dependency Act, 65% of the people who are currently unemployed would not have been able to benefit from this service. Around 100,000 Catalan citizens would not have received the financial benefits or services associated with the Dependency Act, which they have only managed to receive thanks to the huge efforts made by the Catalan Government.

The Promotion of Personal Autonomy and Long-Term Care Act establishes that the contribution of autonomous regions shall be at least equal to that of the General State Administration, and that this financing must be sufficient to guarantee compliance with the obligations corresponding to the competent public administrations.

From the moment the law went into effect, however, the State has demonstrably failed to provide sufficient resources to financing this Act.

### Public financing of the Dependency Act



In 2014, public financing of the long-term care system was 1,101 million euros, of which Catalonia contributed 909 million and the Spanish State 192 million, although they should each have contributed the same amount.

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**In implementing the Dependency Act, Catalonia has failed to receive 240 million euros in three years for financing the Act as a result of State Government cutbacks. With the money it has failed to receive it could have increased residential places by 13,000 or included 26,500 people in the protection system, redeeming the figure of non-professional carer that has been so badly affected by the Spanish Government's cutbacks, or increased residential and day-care services by 6,000 places for people with disabilities and mental illnesses.**

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Moreover, **the State has unilaterally established its contribution for financing the minimum level of protection which, in accordance with the Act, is the part that the State is required to guarantee for every beneficiary in the system, a contribution which, furthermore, has undergone a significant economic cutback in the General State Budget laws since 2012, which has forced these provisions to be contested before the Constitutional Court.**

Meanwhile, **the State has also eliminated funding for the agreed level of protection, based on the General State Budget law for 2012, which for Catalonia represented close to 49 million euros, an amount that the Department of Social Welfare and Families had basically earmarked for investment in the construction of new public residential places for the elderly and people with disabilities.**

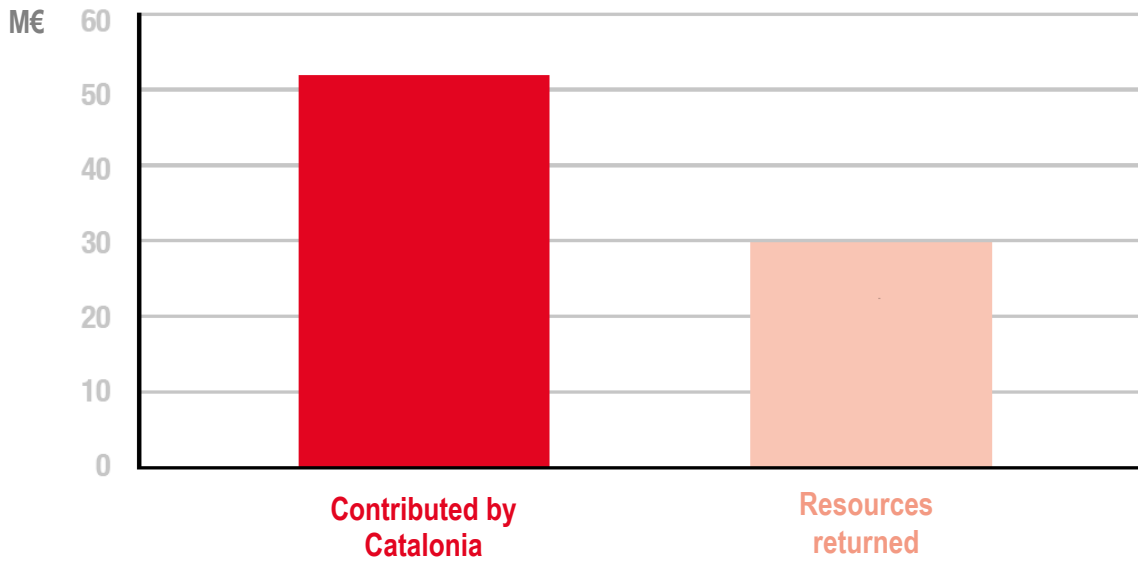
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- **The State has systematically failed to comply with up to 12 rulings of the Constitutional and Supreme Courts in favour of the regional management of the 0.7% segment of the Income Tax Return. The territorialization of the 0.7% funds from Income Tax returns destined for social purposes has been a constant demand from the Catalan Government since 1998.**
  - **The failure to comply with the territorialization of the 0.7% of the Income Tax return for social purposes means that more than 20 million euros collected from Catalonia are not returned to it, which in turn means far less money for the social entities that operate in Catalonia.**
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This is a long-standing demand from social organizations and the Government to return to Catalonia what has been collected there.

Bearing in mind that Catalonia has exclusive powers over its social services, the obvious conclusion is that the management and distribution of the revenue from this amount should correspond to the Catalan Government. This was confirmed in no less than 12 rulings by the Constitutional Court and the Supreme Court which consider that the Central Government is infringing the powers of the Catalan Government when it comes to convening subsidies for assigning the 0.7% revenue from Income Tax Returns, making it clear that it the processing, resolution and payment of these subsidies corresponds to the Catalan Government.

## Contributions and payback of Income Tax (2013)



In 2013, Catalonia contributed 25% of the State's tax revenues (52 million euros) yet only received 14% (29.7 million) in the form of subsidies.

**In 2015, the Spanish State set up the Spanish Fund for Social Projects to Support Families and Children. Catalonia will only receive 3.75 million euros from the fund but in terms of its population volume it should be entitled to 5.48 million euros.**

- **Unequal division of the new Spanish Fund for Social Projects to Support Families and Children.**

In 2015, the Spanish State set up a new economic fund with 32 million euros for undertaking social projects in support of families and children, to be divided among the autonomous regions and the cities of Ceuta and Melilla, but this is not being distributed equally.

**The Fund is not being divided fairly between the various autonomous regions. Furthermore, Catalonia only receives 0.5 euros per person. Other regions are getting much higher amounts, such as La Rioja, which will receive 9.05 euros per person, and the cities of Ceuta and Melilla, with 11.77 and 11.83 euros per person respectively.**

It should also be added that **various State actions penalize Catalan social organizations and make it difficult for them to carry out their social work, including:**

- **The future amendment of the General Subsidies Law will force social organizations to advance the full amount of the subsidy without knowing when they will receive the money.** This law is a clear threat to the viability and survival of third sector organizations, given that it obliges them to outlay the full

amount of the subsidy without knowing when they will receive the money.

Furthermore, the sum of the subsidies as a whole may not exceed 75% of the total cost, which will force them to finance, either with their own funds or with credit, 25% of the cost of their projects (there will always have to be co-financing).

- **The Bill on Third Sector Social Action that was passed by the State favours State social organizations in calls for subsidies and the distribution of funds.** A new action and manoeuvre by the State to favour State organizations in calls for subsidies or the distribution of other funding, to the detriment of organizations with a purely Catalan-based scope of action.
- **The new Company Tax Law forces small enterprises to present company tax returns, with all the administrative costs that this entails (this measure particularly penalizes the Catalan associative sector).**

This Law affects not-for-profit organizations from 1 January 2015, and has a particularly strong impact on small associations as it has partially eliminated the requirements that exempted them from presenting company tax returns, which represents a new obligation that could over-burden these organizations, especially those that engage in limited activities, or have little training or minimal resources to cope with the costs involved in taking on an accountant to handle a double-entry accounting system.

In short, this could be regarded as a strategy to weaken the associative sector in Catalonia. Approximately **12% of Catalan organizations would need to pay this tax whereas up to now they have been exempt.** This is a new administrative burden and a reflection of the lack of social trust.

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**Other areas affected by the State's centralist policies include:**

- **The future approval of the law amending the system of child and adolescent protection, which particularly affects international adoptions, will penalize some 1,700 Catalan families who are currently immersed in the adoption process.**
- **The State has limited the age of beneficiaries of the Youth Guarantee Plan to 24, ruling out all young people aged 24 to 28, while other Member States put the age limit at 29.**
- **The State Refugee and Integration Fund has been cancelled, which for Catalonia represented 43.5 million euros, and the State will now unilaterally manage the new Asylum, Migration and Integration Fund (AMIF) created by the European Union.**
- **In future, the State is planning to centralize the management of the new Fund for European Aid to the Most Deprived (FEAD 2014-2020), even though Catalonia is entitled to exclusive powers in this area.**

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It should also be added that **various State actions penalize Catalan social**

**organizations and make it difficult for them to carry out their social work, including:**

- **The future approval of the law modifying the system of protection for children and adolescents is yet another example of the State's recentralization policy and encroachment of powers,** given that the State does not recognize the Catalan Institute for Fostering and Adoption as a central authority in the field of international adoption, as specified in the Hague Adoption Convention of 1993, with full autonomy in the sphere of processing international adoptions with other signatory countries. **The State intends to take sole responsibility for authorizing international adoptions as well as the accreditation of collaborating international adoption agencies.**

Similarly, the State controls the decisions of autonomous regions on adoptions and aspects such as the processing of adoptions in different countries and assessing new countries for potential adoptions could be conditional upon and limited to the prior considerations of an institutional body of the Ministry of Health, Social Affairs and Equality. This coordination body centralizes powers that should pertain to autonomous regions and prevents them from acting legitimately and in accordance with their own criteria and interests.

Catalan applicants for adoption (currently **1,700 Catalan families**) **would be limited to countries** where they can process the required adoption, and it is more than likely that their adoptions will be delayed.

- **The limitation on the age of beneficiaries to 24** is a decision of the Spanish Government which, in contrast to other Member States, limits the age of young people who can benefit from the Youth Guarantee Plan to between 16 and 24, leaving other young people aged up to 29 without this benefit, when the Catalan Youth Policy Law establishes that 'young person' applies to people aged between 16 and 29.

**The centralized management of the Youth Guarantee Plan, a European initiative that aims to make it easier for young people to access the labour market, entails losing the local factor that undoubtedly affects the management of actions in this sphere, given that it is the Directorate-General for Youth who has the most immediate and in-depth knowledge of the needs of the young people living in Catalonia.**

The Spanish Youth Institute (INJUVE) is trying to create 'pilot schemes' and agreements directly with the youth information points of local Catalan bodies, disregarding the fact that the power to authorize and coordinate the Youth Offices and Youth Information Points belongs to the Catalan Government through the Directorate General for Youth.

- **The centralized management of immigration policies has had the following impact:**
  - **The cancellation of the State Refugee and Integration Fund, which for Catalonia represented 43.5 million euros in 2009, of which 21.3 million were managed by the Ministry of Education for extra educational support and the other 22.2 million by the Ministry of Social Welfare and Families.**

Catalonia continues to be the autonomous region with the largest foreign-born population. Since 2011, the current State Government has cancelled the multilevel management system in its immigration policy. **The State continues to dispense funding but does not collaborate with the autonomous regions**, only with NGOs. Spending is always on programmes and services that are implemented in specific regions and districts, **without any form of consultation with the Catalan Government or the 947 Catalan town councils.**

The Catalan Government has a system of collaboration with the town councils, which more than anyone else are familiar with their local situations and are the front-line administration for implementing policies based on district-by-district diagnoses: immigrant reception policies, literacy, vocational training, neighbourhood relations and the prevention of conflicts, with a view to improving the cohesion of neighbourhoods and avoiding exclusion and poverty. Some 14.5% of the population of Catalonia is foreign-born, but in many Catalan municipalities this percentage is higher.

- **Unilateral management of the new Asylum, Migration and Integration Fund (AMIF) created by the European Union. Amount assigned to Spain: 257 million euros.**

**The European Union Council has passed a Regulation creating the Asylum, Migration and Integration Fund (AMIF) to help facilitate the effective management of migration flows and the implementation, strengthening and development of a common EU policy on asylum, subsidiary and temporary protection and immigration. The amount assigned to Spain for the 2014-2020 period is 257 million euros. However, while the new European laws establish the need to reach consensus on the objectives and distribution mechanisms of the AMIF through political dialogue, a national programme and an association of the competent authorities in each EU Member State, Spain is disregarding the guidelines of the AMIF Regulation.**

- **There is a lack of involvement of autonomous regions in the planning, management, monitoring and evaluation of the new Fund for European Aid to the Most Deprived (FEAD 2014-2020), even though it should have exclusive powers in this particular area.**

The centralized planning and management fails to take into account the administrations and organizations that are closest to their citizens: autonomous administration, local administration and social organizations in the third sector, which has a negative impact fair and effective distribution in terms of the needs of each individual region.

This fund benefits from European financing for the 2014-2020 period of 563 million euros.

## In the sphere of health

- The health sector suffers from a chronic deficit of resources which is currently above 10% of the total State spending on health. It would be fair for this deficit to be included in the review of the autonomous financing model which the Spanish State is delaying in its own interests and which should have been in effect from the start of 2014.
- Catalonia has lower per capita health resources than the State average as a result of the current financing model for autonomous regions. This fact has forced the Catalan Government to sacrifice the extraordinary payment to healthcare professionals in Catalonia for three consecutive years, while in the rest of Spain only one of these payments has been withheld.

Not only is there a chronic lack of resources but also the measures that are adopted are not supported by the corresponding resources, and end up threatening the sustainability of the Catalan healthcare system. Some of the most notable of these are as follows:

- The State has not paid for healthcare services provided for **people from other autonomous regions** in Catalan healthcare centres, which amounts to over **50 million euros per year**. These resources are roughly equivalent to the public funds used every year to purchase healthcare services for an average-sized county hospital, such as the General Hospital of Igualada or the Hospital Verge de la Cinta de Tortosa, to cite two examples.
- The **savings in healthcare resources anticipated by the Central Government** for Spain as a whole during the 2012-2014 period were in excess of **7,000 million euros**. These savings did not **materialize** because the State did not set in motion most of the envisaged measures, while those that it did put into action did not actually result in real savings. Consequently, Catalonia has been unable to improve its health sector finances.
- The additional cost to the Catalan Government of modifying the IVA rates on healthcare products is estimated at **58 million euros**, as the increased tax revenue, in accordance with the current financing system, will end up exclusively in the coffers of the Spanish Treasury.
- The State Government claims that it will guarantee the new medication for treating patients with **hepatitis C**, yet it has not explained that it is, in fact, the autonomous regions that will have to bear this cost, and it is still not clear whether there will be any contribution at all from the State towards these treatments. **The authorization of new medicines with significant budgetary implications** without any additional economic input from the Spanish Government, such as new medicines for treating hepatitis C, could represent an **increase in the annual cost to Catalonia of some 190 million euros** in 2015.
- The *Interterritorial Council of the Spanish National Health Service* has agreed to **the inclusion of the combined pneumococcus vaccine** on the calendar of vaccinations before 2016. **This represents additional expenditure of 10**



**million euros per year to Catalonia**, and the State does not envisage any additional financing for autonomous regions. Meanwhile, the Ministry of Health, Social Services and Equality has described its vaccination strategies in great detail, which go way beyond the coordination tasks that correspond to it in this field.

- Lack of State financing of **subsidies for controlling HIV and AIDS** in Catalonia since 2012.
- The Spanish Government is preparing an amendment to the General Health Law in order to **control and limit expenditure on medicines and other healthcare products** by autonomous regions, clearly encroaching on a responsibility that pertains exclusively to these regions, as all healthcare services have been transferred.
- In 2012, the Spanish Government established a **healthcare coverage model** linked to Social Security contributions, to the significant detriment of the most vulnerable collectives of society. This also represents clear **interference in regional healthcare management and the recentralization of healthcare services that have been transferred** to the autonomous regions, in the case of Catalonia over 30 years ago. It represents a turnaround towards the pre-constitutional model of healthcare linked to Social Security contributions which is very far removed from the public service outlined by the General Health Law (LEGSA).
- The **centralization of the purchase** of medicines and healthcare products on a State level represents an **encroachment of the authority of autonomous regions to manage their own healthcare services**. The experiments undertaken have not resulted in generalized savings. In the case of Catalonia, the healthcare centres themselves, which are responsible for purchasing these products, have grouped together to make joint purchases at better terms.
- One of the important features of the **Rationalization and Sustainability of Local Administration Law** is the configuration of a new scheme for demarcating local powers, with a clear desire for recentralization by the Spanish State. With this Law, **municipalities are unable to develop the health promotion actions** they have been carrying out very satisfactorily, and these powers revert to the Catalan Government, which is already under pressure from a situation of extremely limited resources to fulfil its existing healthcare responsibilities.
- In relation to **administrative actions in food production establishments with regard to exports**, the Ministry of Agriculture, Food and Environment executes its foreign health powers and authorizes establishments to export to other countries, irrespective of the results of the official controls conducted by the Catalan Government on these establishments. While these are different powers than those that correspond to the different administrations, **the regulation has overlooked the collaboration between the State and the Catalan Government that has existed up to now**.
- In 2006, the State prohibited autonomous regions from being able to authorize the **direct transfer of small amounts of raw milk to retailers or the end consumer**, restricting the development of the agricultural sector, despite Catalonia's opposition to this move. It also ignored subsequent requests to

amend the Royal Decree.

## In the sphere of Education

- In addition to continuous attacks on the Catalan educational model, earmarked transfers from the State for education have dropped by 98% since 2010, having gone from 147.3 million euros in 2010 to a forecast of 2.8 million euros in 2015 (not taking scholarships into account).
- Some of the actions from which financing has been withdrawn include: free second-cycle primary education, the Educa3 Plan to promote municipal nurseries, the Escola 2.0 programme, school libraries, and the increase in the number of EOI (official language school) places for learning English, amongst others.

It is also worth remembering that:

- **The State obliges the Catalan Government to offset the private teaching costs of students who cannot be guaranteed public or funded education in the Spanish language, to the tune of 6,000 euros per student.** By Royal Decree of 2014, the Catalan Government is obliged to fund the cost of education in Spanish at a private school. This law **contradicts the financial autonomy of the autonomous region and the principles of sufficiency and loyalty** as it assumes that the State can deduct or retain the expenditure assumed by the Ministry for the financing system of the autonomous region (STC 128/1999). Thus the Catalan Government loses its financial autonomy.
- **Award of scholarships and grants.** The Royal Decree of 2013 established the family income and assets thresholds and the amounts of scholarship and study grants for the 2013-2014 academic year. **The Catalan Government lost its authority to determine the variable amount of scholarships, was no longer permitted to specify the objectives of the subsidy, and was not allowed to complete the conditions for awarding them** established in Article 114.3 of the Statute of Autonomy. The State regulates the variable amount of grants by means of a closed formula for weighting the criteria, which is also set by the State, without leaving any room for intervention by the Catalan Government.
- **Grants for producing educational resources.** The Ruling of 16 June 2014 through which grants are convened for producing educational resources for inclusion in the public entrance platforms of the Ministry does not consider territorialization. The management of these funds corresponds to the autonomous regions: the budgetary items of these grants need to be regionalized, either in the General State Budget or immediately afterwards. For this reason, the **Ruling imposed the centralization of the whole management process and overlooked autonomous powers in this area.** The Catalan Government thus loses its authority to determine the contents of these educational resources.
- **Recentralization and standardization of grants.** Given that the Ministry is in possession of the credits for distribution to the autonomous regions and their management, this limits the freedom of the regions to distribute them, the Ministry's excuse being that it allows fairer distribution. This is the case of the

funding for the activities of the federations and confederations of Parents' Associations and the distribution of credits aimed at rolling out the programme for financing textbooks and educational material. In the same way – i.e. maintaining control over these activities – the Ministry manages credit for financing activities to improve and disseminate Vocational Training and for evaluating and accrediting professional skills, based on distribution criteria that are clearly negative to Catalonia. **The Catalan Government thus loses its powers to manage scholarships and grants.**

- **“Financial path”**. The distribution criteria of credits corresponding to European funds and the Ministry for implementing new Basic Vocational Training cycles and the third and fourth year of ESO (compulsory secondary education), which are extremely homogenized and rigid. This funding is orchestrated by agreements with each autonomous region. **The Catalan Government thus loses its management powers.**

## In the sphere of Housing

The Catalan Parliament unanimously approved the Bill for measures against personal and family over-indebtedness and protection from foreclosure procedures affecting the regular home as being the appropriate tool to introduce orderly settlement mechanisms for personal debts, such as indebtedness commissions and extrajudicial procedures for the orderly settlement of debts.

This Bill from the Catalan Parliamentary Chamber came up against the absolute majority of the PP in the Chamber of Deputies.

- **Law 8/2011** on measures to support mortgage holders, the control of public spending and the cancellation of debts owed to companies and self-employed workers contracted by local authorities, to stimulate business activity and to promote administrative simplification **encroaches on Catalan powers in terms of the conservation and maintenance of housing (including their inspections) which is recognized in the Statute of Autonomy.**
- **The Ministry of Public Works has breached agreements signed to implement the various Housing Plans.**
  - When Law 4/2013 went into effect, on measures to increase the flexibility of and promote the housing rental market, the Second Additional Provision envisaged a new regime for “grants for subsidizing loans, direct State down-payments and subsidies regulated in the State Housing Plans, whose effects are maintained with the entry into force of this Law.” This new regime entails the withdrawal of all the subsidies envisaged in the Plan for 2009-2012, without taking into account the situations created under its auspices which give the right to receive a subsidy. At the time of going into effect, this affected 186 developments that had a current protected loan, approved and subsidized by the Ministry, and did not in any way exceed the objectives agreed between the State and the Catalan Government in the collaboration agreement to implement the State Plan for 2009-2012, and which were entitled to receive a subsidy on completion of the work.

- **The State Government forced the Catalan Government to co-finance the contributions envisaged in the State Plan to promote the rental of housing, the renovation of existing buildings and urban regeneration and renewal for 2013-2016.** In this respect, the Catalan Government has to provide 30% of the amounts envisaged to develop the actions of the State Housing Plan, when it holds exclusive powers for housing. The State also intervenes in the way this 30% should be managed.

## In the sphere of Culture



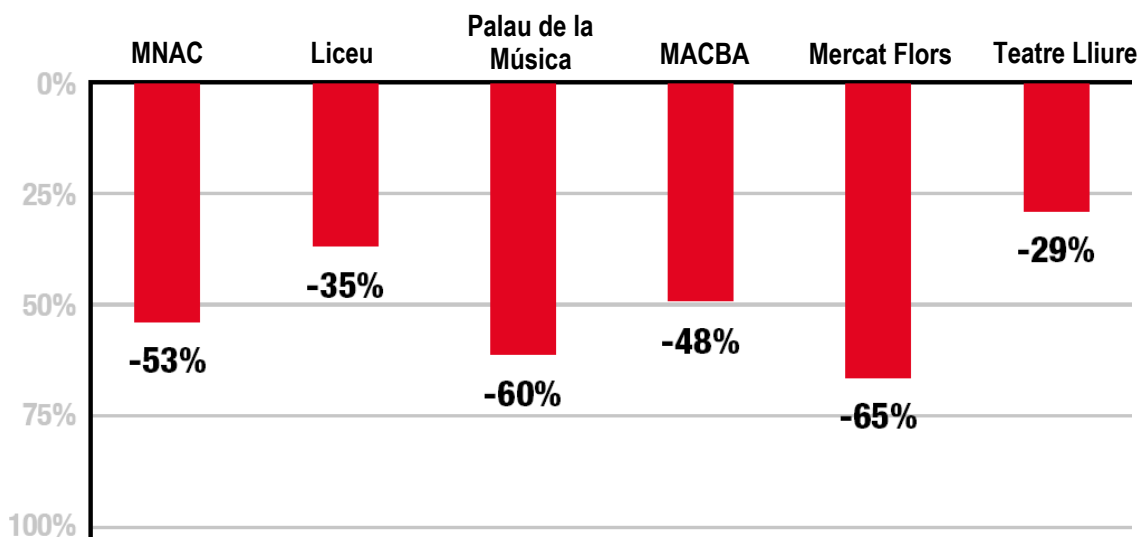
- **Gradual reduction of economic support from the State for cultural facilities in Catalonia: State contributions have dropped by 42% since 2011.**
- **The recentralization of culture continued to make itself felt when the Ministry of Education, Culture and Sport froze contributions to culture in Catalonia in the General State Budget for 2015. In contrast, the budgets for the Prado, Reina Sofía and Thyssen museums and the Royal Theatre in Madrid were increased.**



In detail:

- **Gradual reduction of economic support from the State for cultural facilities in Catalonia, in breach of the terms of the corresponding statutes.** In certain facilities, the State contribution has dropped by more than half, endangering their sustainability. Since 2011 there has been an average reduction of 42%.

### Drop in State support for Catalan cultural facilities



Reduction by an average of 42% in State contributions to cultural facilities in Catalonia, in breach of the terms of the corresponding statutes.

- **For 2015, the State is planning to contribute towards all Catalan cultural facilities by the same amount that in 2011 it provided for just one of them (the Liceu Opera House).**
- **Over this period, Catalan cultural facilities have lost out on 32.3 million euros from the State in direct support.**
- **Meanwhile, the amount established in accordance with the Charter of Barcelona for financing cultural institutions has also disappeared. 9.5 million euros per year, representing a drop of 34.5 million euros in the last four years.**
- **The State has suspended work on the Provincial Library of Barcelona, the Provincial Archive of Girona and the National Museum of Archaeology in Tarragona.**
- **Compared to 2011, Catalonia has lost 76.3% of State subsidies and registered investments in culture.** These have diminished over six consecutive years (since 2009).
- **The Catalan projects and beneficiaries financed by the State have fallen from 138 in 2011 to 24 in 2015.**
- **Cutbacks in funding for Catalonia have always been higher than the average in Spain as a whole.** Indeed, while in 2015 the State increased its overall cultural funding by 12.7%, in Catalonia this dropped by a further 6.3%.
- **The relative weight of Catalonia in the distribution of state-wide registered contributions has dropped from 11.3% in 2011 to 5.4% in 2015.** The loss of these six percentage points is the biggest of all the autonomous regions.

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**The State practices a tax system that penalises cultural creation and consumption, weakening the business fabric of the cultural sector in Catalonia (increased VAT on cultural activities and the lack of a patronage and sponsorship law, with the consequent dearth of tax incentives for donations to culture).**

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- **In 2015, Catalonia was the tenth autonomous region in the ranking of spending per inhabitant on culture in the General State Budget (€2 per person).** The only regions above the average were Madrid (€19.3 per inhabitant) and Galicia (€6 per inhabitant).
- **State funding for promoting films in Catalan has been eliminated: in 2009 this amounted to 7 million euros but since 2012 not a single euro has been set aside for this purpose.** Article 36 of Spanish Law 55/2007 on the cinema specifies that, in order to protect and promote co-official languages other than Spanish in film and audio-visual production, a fund would be established for specific grants or credits which would be transferred in full to the competent bodies in the autonomous regions concerned.

This fund managed to reach almost 7 million euros in 2009, but since 2012 there has been no provision whatsoever in the General State Budget. The disappearance of this fund has seriously affected the Catalan audio-visual sector.

- The State has started proceedings to lodge an appeal against the **tax on the provision of content by electronic communications service providers and the promotion of the audio-visual sector and the broadcast of digital culture**, which would suspend collections of this tax (20.2 M€) aimed at the cultural sector.
- The State organizes the **call for the investment of the 1.5% cultural fund in Catalonia**. According to the Constitution, the Statute of Autonomy and various Constitutional Court rulings, **this call should be distributed regionally** and placed at the disposal of the Catalan Government for it to determine the specific procedure for applying for subsidies, awarding them and supervising their use. **The State has systematically failed to comply with this requirement.**
- **The new law to safeguard intangible cultural heritage**, passed in May 2015, assigns the State powers it is not entitled to overturn the ban on bullfighting in Catalonia.
- The State has developed a **system of compensating authors for library book loans that has not achieved the consensus of either the sector** (authors, librarians, the administration) **or the Catalan Government**, and apart from being confusing and inefficient, it transfers responsibility to administrations that do not have the authority to regulate intellectual property and copyright. **The fee for library book loans should be assumed by the State**, this being the case in 29 of the 33 countries consulted in this respect, and **this cost should not be transferred to the local administration.**

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**Thirty years on from the first requests, the Salamanca Papers have still not been returned in full.**

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- **The Salamanca Papers.** More than 30 years after the first requests to **return the documents taken from Catalonia during the Spanish Civil War** and nine years since the passing of Law 21/2005 of 17 November 2005 on the restitution to the Catalan Government of the documents confiscated because of the Civil War, full compliance is still outstanding. The last handover was on 4 December 2014.

Meanwhile, 42 Catalan town councils still have their document archives fragmented as a result of confiscations that took place during the Spanish Civil War.

For this reason, the Catalan Government has embarked on the relevant legal action to achieve the total restitution of the Salamanca Papers that are still outstanding.

- **The Avila Archives.** The Catalan Government has called upon the State Government to return to Catalonia the **documentation from the Republican**

**period currently held in the General Military Archives of Avila.** The documents being claimed are part of the documentation which, at the end of the Spanish Civil War, had been in the possession of the Catalan Government in exile and were stored in Paris. The papers were confiscated by the Gestapo in August 1940 which then sent them to the Spanish Embassy. They were then sent to the Franco police force and transferred to the Military History Service in Madrid until 1993 when the General Military Archive of Avila was set up.

- **Collections belonging to the Archive of the Crown of Aragon.** The “collections belonging to Catalonia”, currently held in the Archive of the Crown of Aragon, should, according to the thirteenth additional provision of the Statute of Autonomy, **form part of the Archive System of Catalonia.** This collection includes the Historic Archive of the Catalan Government, which was removed in 1714.

Since the approval of the Statute of Autonomy of Catalonia, the Constitutional Court ruled that this provision was valid; since then, however, the Trust has not met and officers have blocked the transfer due to the controversy over ‘own collections’ and ‘common collections’. When requests have been made to resume discussions in this respect, the current managers of the files in the Secretary of State for Culture have said they do not wish to engage in these conversations until the issue of the Salamanca Papers has been resolved.

## In the sphere of Sport

**The State’s recentralization of sporting matters is evident in the implementation of the single sports licence, in inspections by the Ministry of Employment and Social Security of sports clubs based in Catalonia, and in the impediments to recognizing Catalan sports squads and the veto on their participation in international sporting competitions.**

All the measures adopted in recent times by the Spanish Government in relation to sport are ostensibly detrimental to Catalan sportspeople, whether they belong to federations and form part of a club or organization or simply practice sport privately in gyms or similar establishments.

- **With the introduction of the single sports licence, Catalan sports federations lose considerable resources, which has an impact on the quality of the services they offer.** In the same way, inspections and new legal requirements for clubs means that they need to devote efforts and resources to addressing these issues to the detriment of their sporting activities. (An unconstitutionality appeal has been lodged to prevent this from happening.)
- **Excessive VAT rate (21%),** which is detrimental to the numerous sports-related services provided by Catalan companies. The existence of a VAT rate of 21% stops many people from signing up for sports clubs, centres or gyms, which is not only damaging to this sector of the country’s sports industry but also to the practice of sport by individuals.



- **The Catalan Government has seen the international projection of Catalan sports organizations (private entities) hindered** (private entities) as a result of the Spanish Government's interference in Spanish sports federations. These interferences can also be viewed as diplomatic pressure to prevent people from taking part in Catalan squads in international sporting competitions.
- **Review of Company Tax on sports organizations**, forcing those with revenues of more than 50,000 euros per year to submit this tax declaration. Many small clubs in Catalonia have been jeopardized by this measure, although an amendment is currently being worked on in Congress to set the threshold for this tax at 100,000 euros.
- **Furthermore, the State has reduced the resources available for Catalan high performance and sports training centres.**

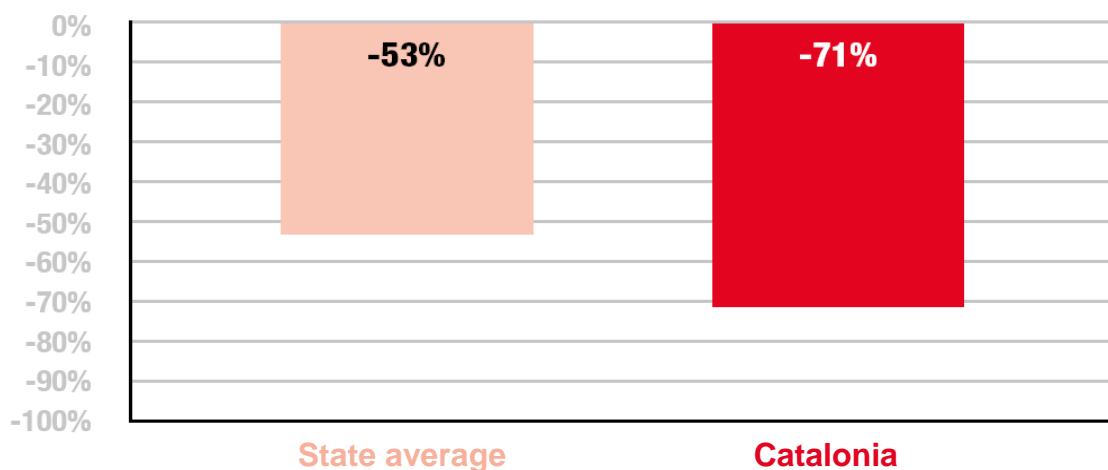
# Reduction of resources and its impact on economic recovery

## Infrastructures

- The lack of investment in Catalonia has been a constant feature for many years and has affected every sphere of life: the suburban rail network, the Mediterranean corridor, access to ports, airport management, highways (N-II, N-340, A-27)... all investments that have been demanded for years.
- Investment by the State in Catalonia in 2015 represents just 9.5% of its total investment, putting Catalonia third from bottom among autonomous regions. This represents half of Catalonia's weight in the State's GDP. It is the lowest investment percentage in the last 17 years. In terms of euros per inhabitant, Catalonia receives 145 euros per person, only surpassing the Canary Islands and the Balearic Islands.

The lack of investment is not a new situation and adds to the chronic deficit in infrastructures in Catalonia; a situation it hoped to alleviate with the Third Additional Provision of the Statute of Autonomy of Catalonia, which the State has failed to comply with.

### Drop in State investment, 2009-2014



According to figures from the Barcelona Chamber of Commerce, between 2009 and 2014, State investment in Catalonia dropped by 71%, 22 points more than other regions, where it dropped by 53%.

The **substantial drop in transfers from the State to the Catalan Government** in terms of **infrastructures and facilities** is embodied by the following points:

- The lack of State investment in the **railway network** which determines the provision of **suburban and regional services** in Catalonia. Specifically, the new public service contract for the management of suburban and regional railways for the 2013-2015 period includes an **investment plan** to improve the service quality **to the tune of 165 million euros** which should be financed by the General State Administration (AGE).
- The **withdrawal of compensation for motorway concessionaires** for **reducing tolls** will have an impact on the Catalan Government's budgets.
- **Breach of the Third Additional Provision** of the Catalan Statute of Autonomy with regard to investments and facilities.
- The **lack of funding to finance the work on Line 9 of the Barcelona Metro** to link the city and the airport has led to the Catalan Government's **formalization of a loan transaction** to the tune of **200 million euros**.
  - This is a **comparative grievance** because the **Madrid Metro** was given resources from the **Cohesion Funds** to link the city with Barajas airport (some 139 million euros). In contrast, Line 9 of the Barcelona Metro was not allowed to benefit from the **Cohesion Funds** nor was it allowed to seek financing from **FEDER**.
  - The population of the Metropolitan Area of Barcelona **has grown significantly** and the city is one of the **world's leading tourist destinations**, so the **Metro link with the airport** is a priority infrastructure.
- **Very little Catalan participation in the series of works awarded by the State's main investment companies, very far removed from the amount that should correspond to Catalonia for its size.** ADIF, the main developer of railway works, awarded projects to Catalonia amounting to 24.8 million euros, which represents just 2.3% of the total projects it awarded (4.4% once the non-regionalized investment is discounted). In the case of AENA, responsible for airport projects, awards in 2014 came to a total of 6.13 million euros, 9.4% of the total amount awarded. In both cases, these percentages are clearly below what should correspond to Catalonia in accordance with its demographic and economic weight.
- **Significant delays in the construction of promised infrastructures which in some cases the State has only recently agreed to unblock.** In February this year, an agreement was reached with the Ministry of Public Works to drive forward certain strategic actions that have been pending execution for many years, but they have yet to get underway.



- **This is not an issue of available budgets: only 7% of the Catalan Suburban Railway Plan of 2008-2015 has been executed compared to 100% of Madrid's Suburban Railway Plan.**
- **Compared to the management of RENFE Rodalies (the State suburban railway company), Ferrocarrils de la Generalitat (FGC) stands out for its reliability: it comes top of the lowest fraud index (in 2014 this figure was 0.017%), second in punctuality and third in coverage, according to the index drawn up by the**

## Imperial College of London.

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- Specific cases in the railway network:
    - **The Barcelona Suburban Railway Infrastructure Plan 2008-2015 of the Ministry of Public Works envisaged investments of 4,000 million euros during this period on modernizations and new infrastructures.** As of today, the level of compliance with the Plan is seriously deficient; indeed, none of the planned stations has been constructed (apart from Sagrera Meridiana) and none of the planned infrastructures.
    - **The urgent investments in the suburban network that were agreed to have not been fulfilled either:** in December 2013, the State pledged an investment of 306 million euros to be executed between 2014 and 2016. So far, both the number of actions and the investments made during 2014 are negligible. In the State Budget of 2015 there was just one provision of 30 million euros (which should have been 152 million) and the rest is being spread over four years, not two, up to 2018.
    - **Lack of commitment to the airport shuttle from Barcelona-El Prat.** Madrid's airport has had a railway service running from the airport to the capital since 2011, while the work on railway access to Barcelona airport, despite having been awarded in May 2010, has not even started. In order to unblock the airport shuttle project, an initial connection with the T1 line was proposed which would involve a cost of 217 million euros and could be financed by applying a ticket supplement to airport users. The Ministry of Public Works regarded the construction of a shuttle railway to link Barcelona El Prat airport's T-1 line with the city centre as a "viable" proposition. The construction of this infrastructure and its subsequent management would be done by a public-private concession scheme. Despite these multiple commitments, the airport shuttle is not even mentioned in the General State Budget for 2015 whereas there is a provision again for Madrid's Barajas airport.
    - **Even though the European Union is firmly committed to the Mediterranean Corridor, the Spanish State continues to invest in railway corridors that have no guarantee of economic and social viability.**
    - **Delays in works to implement the European standard gauge from Tarragona to Castellbisbal on the Mediterranean Corridor.** This project was awarded one year ago, since when the Ministry has put it on hold. Requests have been made for a schedule for executing this infrastructure.
  - Specific cases in the road network:
    - **Road Network Protocol 2005-2012.** The Catalan Government has executed 70% of the investment (3,500 million euros), while the Ministry of Public Works has executed just 28% of a total of 3,200 million euros.
    - **The Vallirana bypass:** work started in 2004, more than 10 years ago, but has been stopped several times. It has now started up once again.

- **Fourth Ring Road**, with the section between Olesa de Montserrat and Viladecavalls on hold since 2011 despite various attempts to restart it. It has now been announced that work is to start again.
- **The A-27**, a priority highway for the competitiveness of the Port of Tarragona on the section between Valls and Montblanc, has also been subject to delays and stoppages for years.
- With regard to the financing of public transport:
  - The Ministry of Public Works **has reduced its contribution to regular passenger transport in the Metropolitan Area of Barcelona from 200 million euros in 2010 to 98 million** in 2015. This funding has dropped from over €30 per person per year to less than €20.
  - This smaller State contribution translates to a bigger outlay by the Catalan Government, amounting to 281 million euros, and the indebtedness of the service operators, which will finally end up being paid by the Catalan Government.
  - Furthermore, the State does not participate in financing the transport consortiums of Girona, Lleida or Tarragona, although the Community of Madrid is completely financed in this respect.

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**The deficit in road and international-gauge rail access to the Ports of Barcelona and Tarragona has a detrimental impact on foreign investments in the ports and their competitiveness.**

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- In 2007, the Ministry of Public Works approved an informative study on the new southern accesses, by both road and rail, to the Port of Barcelona in the interests of expanding them. Eight years have now passed and to realise these infrastructures the Catalan Government and the Port have had to input their own resources to get work underway.
- **The State's delay in executing the Mediterranean Corridor has meant that the Port of Tarragona recently missed out on a major investment by the automotive firm DAIMLER.**
- **Law 2/2013, of 29 May 2013, on the protection and sustainable use of the coast that modifies Coastal Law 22/1988 of 28 July 1988** infringes powers over the ports in several areas:
  - **The Catalan Government will have to pay the IBI (property tax) on the ports. Autonomous regions are given the status of replacement taxpayer for the purpose of the IBI tax.** Therefore, the Catalan Government would be responsible for paying the property tax on those sections of the Port that are not affected by a concession, changing the system that has existed up to now whereby the taxpayer obliged to pay this tax was the State as the owner of an asset in the public domain.

- **The State envisages the suspension of municipal agreements by the government representative.** Municipal agreements that affect the integrity of the public maritime-terrestrial domain may be suspended by the government representative.
- **The State regulates maritime-terrestrial developments or residential estates on dry land with a navigable highway system built by flooding private land,** infringing the powers of the Catalan Government. It is envisaged that the owners of housing adjacent to navigable canals have the right of use over the moorings adjacent to their homes. Maritime-terrestrial developments, as a new port infrastructure, must involve the assignment by the State to the Catalan Government of the part of the public domain necessary for their construction, which will retain the category of State public domain with its use and management corresponding to the Catalan Government (Article 140.1.b of the Statute of Autonomy), which obviously includes establishing the system for the use of moorings that it deems most appropriate.
- **The State reserves the right to assign the area for commercial and restaurant use, and the legal regulation of these uses in autonomous ports, thus assuming the powers of the Catalan Government.** The State should only have the power to establish the maximum occupancy of space in the public domain ascribed to autonomous ports.
- **The State is the sole recipient of the tax on the maritime-terrestrial public domain.** The Royal Decrees on Transfers do not envisage any transfers in relation to the possessory recovery of elapsed concessions; the State refuses to accept the cost of the subsidiary restoration of expired facilities in public domains (even in cases where they expired before the transfer to the Catalan Government).
- Law 8/2013 on urban rehabilitation, regeneration and renewal infringes urban planning powers, regulates actions on the urban environment, and constitutes an instrument of specific intervention on the city and its existing pool of property, an issue that cannot be established under the auspices of basic State powers.



- **The privatization of AENA perpetuates the model of centralized operation of State airports: this centralized model is one of the few examples of this modus operandi in Europe.**
- **If Catalonia were able to assume its own airport management model, this would increase efficiency and have a greater impact on the Catalan economy in accordance with European standards: the possibility of establishing our own tariffs would facilitate more individualized and better commercial management of airports, eliminating barriers to the ingress of international companies and thus making Barcelona a very interesting hub for connections between Asia and America, providing people with a much bigger availability of worldwide flights.**



To be specific:

- **The privatization model of AENA has been done unilaterally and without any consensus with regional interests.** This approach thus perpetuates the totally centralized model of operating Spanish airports, which is completely opposed to the individualized and regionalized management model which has long been called for by Catalan institutions and civil society.
- **Reactive/passive stance in the promotion and development of AENA airports:** obtaining air traffic rights to facilitate the ingress of international operators to develop long-haul routes from Barcelona airport is not an automatic process and in the final instance depends on the approval of the Directorate-General of Civil Aviation at the Ministry of Public Works, a complex and tortuous process.
- **The Spanish State has bilateral agreements in place with other countries,** which highlights the interventionist attitude of the Spanish Government when it comes to the subject of air transport, being clearly dissuasive towards airlines which are geared towards an open market concept.

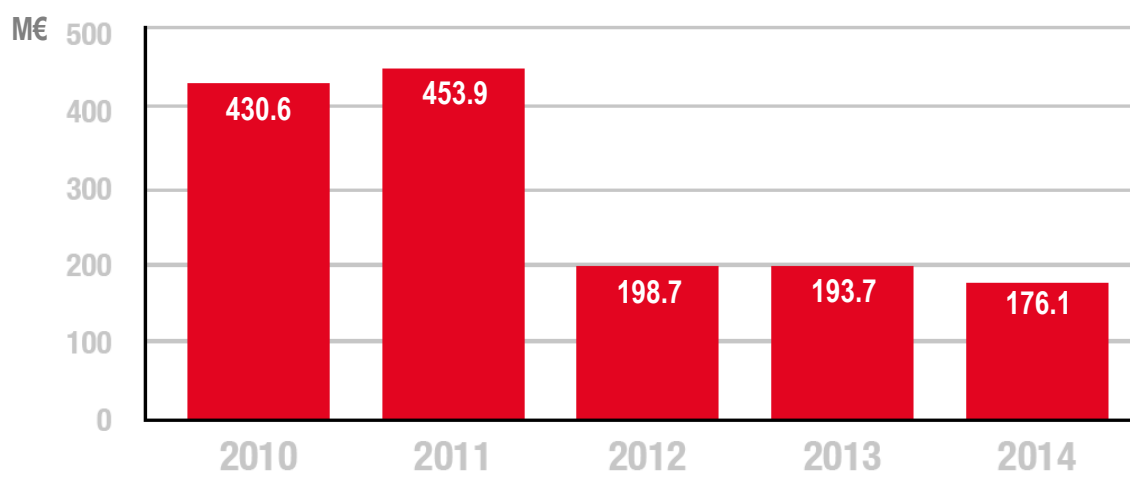
## Employment and labour relations

**The reduction by 60% of funds for active employment policies limits the capacity of the Catalan Government to assist unemployed people with guidance, training and recruitment programmes.**

In the sphere of employment:

- **Since 2012, the State has reduced transfers to the Catalan Government by 61% for active employment policies.** Compared to 2011, there was a drop of 56.2% in 2012, 57.3% in 2013 and 61.2% in 2014. All this has taken place during a period when the economic crisis has had an even bigger impact on the general public (with unemployment rates of over 20%).
- Furthermore, **the allocation of funds** is always late, and the State transfers the funds assigned for the Sectoral Conference on Employment and Labour Affairs of Catalonia **with a huge delay**. This situation, along with the impossibility of moving this forward with Catalonia's own resources, means that the execution of programmes and actions to fight unemployment are untimely.
- The Catalan Government highlights the **need to increase the allocation of funds for active employment policies in Catalonia and transfer these funds before 1 January each year** in order to set in motion the programmes aimed at unemployed people from the very first day of the year.

## Budget transferred by the State for active employment policies



This significant cutback in the budget has led to over 200,000 fewer beneficiaries.

- **One important collective affected by this reduction in resources is disabled people:** the State has limited aid to Special Work Centres (CET), it has eliminated subsidies for recruiting people with disabilities in ordinary companies, it has reduced active insertion measures for recipients of RMI (minimum income allowance) and it has also restricted subsidies for programmes that support the social and cooperative economy.

With regard to the CETs, the basic state legislation defines the model of the special work centre and the system of subsidies for the whole of Spain, which all the autonomous regions are obliged to execute:

- A subsidy of 50% of the minimum interprofessional wage (SMI) for workers with disabilities in CETs, regardless of the type of disability or the degree of employability of the individual.
  - Subsidies for the professionals who support people with special difficulties in special work centres, also without distinction according to the degree and/or type (professional support units).
  - Subsidies for adapting workplaces in-company.
  - Subsidies for recruitment by ordinary companies.
- **At present, transfers from the State to finance these subsidies do not cover even 50% of the SMI of the current workforces of Catalan CETs.** The Catalan Government earmarked 73 million euros for active employment policies geared towards disabled people in 2014 and has used its own resources to finance close to 40 million euros of this figure. For the first time, in 2014, the Catalan Government provided more funding than the State, which is the administration that should be responsible for financing these policies.

In the sphere of labour relations:

- **The funds for the regional distribution of the Occupational Risk Prevention**



**Foundation (FPRL) have been withdrawn** so the planned information and technical support actions cannot be either executed or financed.

- Trade union and employers' organizations have stopped undertaking regional actions in this field directed at micro- and small enterprises and as a result there has been a drop in efficiency.
  - The State is studying the possibility of modifying the Articles of Association of the FPRL so that the General State Administration has a majority share. This reform disrupts the existing balance and social and regional agents will lose their decision-making capacity. **This is a move towards the recentralization of occupational risk prevention policies.**
- **Changes to the nature of the executive powers of the Catalan Government in occupational mutual insurance companies.** The latest amendment of the Law regulating Social Security envisages that the management and governing body of mutual societies that collaborate with the Social Security department, which reports to the Ministry of Employment and Social Security, will be responsible for establishing the regular planning of Social Security occupational risk prevention actions, their criteria, their content and the order of preferences, as well as overseeing their implementation and assessing their efficacy and efficiency. In this respect, the Catalan Government, which holds shared powers with the State to execute occupational risk prevention activities, is required to notify the Mutual Societies' governing body of the activities it deems necessary to roll out in its respective regions so they can be included in the planning of the Social Security department's risk prevention actions.

## Innovation

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- **The non-regionalization of support instruments for industry means that the number of resources destined for reindustrialization projects and the promotion of industrial competitiveness are lower than they should be given the economic weight of Catalonia, and therefore it cannot support all the business projects it should do, with an obvious knock-on effect on jobs.**
  - **The latest example of a fund that will not apply to Catalonia is that of 14 million euros that will be managed by ICEX, which sends zero resources to Catalonia. With just 20% of these resources, investments of over 100 million euros in Catalonia could have been mobilized.**
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Although Catalonia represents one-third of business investment in R&D in Spain, the State's policies contradict this leading position. A few specific examples of this include:

- **Funds that do not apply to Catalonia, but do apply to the other regions.** The Central Government has set up regionalized technology funds from which Catalonia has been completely excluded, even though there are resources that have not been utilized. It goes without saying that this is a case of serious discrimination when it comes to competing for certain projects.

- **No concessions to Catalonia in agreements between the Ministry of Economy and autonomous regions.** Between 2010 and 2011, the Central Government agreed on very favourable lines of credit to develop projects to support innovation in autonomous regions (e.g. 200 million euros for Andalusia, 150 million for the Basque Country, etc.), but nothing was granted to Catalonia, alleging that the Treasury could not grant any funds due to Catalonia's debt ratio. This meant that no support could be provided for hundreds of R&D projects that would have generated further research and development, the systematization of innovation processes, new products, greater competitiveness for our companies and consequently more jobs.
- **Refusal of grants for Catalan universities and research centres.** In 2012, various Catalan entities associated with the Catalan Government, such as universities and research centres, were denied State aid (already granted at a technical and administrative level, with a ruling issued) because the State put a priority on the legal criterion of preventing any increase in the public deficit.
- **Cancellation of the TECNIO Agreement by MINECO.** In 2011, ACCIÓ had signed an agreement with the MICINN (which later became the Secretary of State for Research, Development and Innovation) with an endowment of 500,000 euros to support the development of TECNIO (Catalan Technology Centres and University Research Groups). This agreement was cancelled.
- **The State is not affiliated with the European Patent, a fact that has an impact on Catalan companies, which tend to have more international scope.** The Spanish Government does not wish to adhere to the European Patent because it is only published in English, German and French. This issue is a major grievance for Catalan companies, which are more international, as they have to request a patent in Spain along with an international patent. This means they have to submit two applications and go through two registration processes, as well as paying twice, while for example a French company only has to submit one application.
- **There is constant pressure from the Spanish Government to integrate the foreign trade and investment offices of the Catalan Government with the ICEX foreign trade office.** This integration would not result in any economic savings (as the space still has to be paid for), but would imply a lower level of service for internationalization projects and less capacity of the network to adapt to the needs of Catalan companies.
- **Administrative simplification:** The State's proposals for administrative simplification only entail eliminating the actions of autonomous regions and their independent registries, based on the Commission for the Reform of Public Administrations (CORA) and the Law on Market Unity (GLUM). These measures would have a negative effect on Catalan companies and consumers because companies from other autonomous communities, taking advantage of the laxer regulations of other regions, could operate without respecting the legal criteria of competitiveness and/or consumer protection that exist in Catalonia.
- **The State Government has approved the 'Common Service Charter of the National Employment System',** entirely homogenizing by definition, which affects the sphere of entrepreneurship and would force the Catalan Emprèn Network to take on board actions for which in some cases there is specific State funding planned.

## Energy and telecommunications

- **The reform of the electricity sector instigated by the Ministry of Industry, Energy and Tourism has had a negative impact on electrical power generation plants based on cogeneration, renewable energies and waste: 3,866 facilities in Catalonia have gone from having a premium of 732 million euros to one of 543 million euros, which represents a loss of incentives of 189 million euros and a loss of remuneration of over 25%.**
- **With the new energy regulation, our companies are paying the most expensive energy rates in Europe after Cyprus.**

The energy policies of the Spanish State, which are highly centralized, have a much more negative impact on the people, companies and administrations of Catalonia. In addition to the actions detailed below, it is worth noting the strictures placed on the Catalan Government when it comes to dealing with situations of energy poverty, which will be explained in more detail further on.

- **Compensation for the Castor project: a bigger impact on Catalonia.** The compensation of 1,350 million euros in 2014 for the developers of the Castor underground natural gas storage system, to be financed over the next 30 years – amounting to approximately 2,400 million euros – will be paid by natural gas consumers over this period (citizens and companies). Given that **Catalonia accounts for 20% of the State's natural gas consumption**, it is Catalan citizens and companies who will have to bear the brunt of this compensation.
- **With the new energy law, Catalan companies are paying the highest energy costs in Europe apart from Cyprus.** Electricity is five times more expensive for SMEs than for large companies. Small companies in Catalonia pay more than the EU average while large companies pay far less. Catalan companies pay the same as Spanish ones, when Catalonia is the second biggest generator of electricity and the autonomous region in which is it the cheapest.
- **Energy reform.** The actions of the Central Government in relation to the energy sector in recent years have been characterized by a clear process of recentralizing some of the powers that had been granted to autonomous regions.
- **The Hydrocarbon Act.** The Central Government has presented the draft Hydrocarbon Act to Congress. Catalan citizens, through their taxes, pay the administration that is responsible for processing and providing the service to companies, while takings for this service are deposited with the State; consequently, Catalan citizens only receive a small proportion in return.
- **In 2012, economic contributions from the State (IDAE) that had been taking place every year since 2006 were cancelled.** The passing of Law 18/2014, which establishes certain measures relating to energy efficiency, such as the creation of two instruments (National System of Energy Efficiency Obligations and the National Energy Efficiency Fund), represents the beginning of a

recentralizing process in which autonomous regions will have no role to play, making it impossible to achieve the objective of renewable energies by 2020.

- **The State wants to impose hydraulic fracturing (fracking) despite Catalonia's views on this matter.** With the aim of imposing fracking, the State intends to limit the land control of regional urban planning authorities, hence endangering the natural assets whose protection was sought by classifying the land as unsuitable for development.
- **Law 40/2010, of 29 December 2010, on the geological storage of carbon dioxide, gives the State Administration centralized power to issue research permits and award these kinds of structures.** In principle, the storage of CO<sub>2</sub> is treated as an underground structure classified as a resource under Section B of the Mining Act.
- **Girona has a deficit of energy infrastructures.** There is a dearth of substations, particularly in the counties of Baix Empordà and Alt Empordà. Connectivity is weak and perimeter coverage is not good, which leads to line failures and consequent micro-outages which, in turn, represents a constant expense to the companies that work there.

#### **In the sphere of telecommunications:**

- Practically all the programmes and plans for promoting ITC aimed at companies, administrations and organizations that are rolled out by the State, usually through Red.es, **are financed with FEDER funds, from which Catalonia has always been excluded.**

In other words, Catalan companies, administrations and organizations cannot access calls for these funds as it is not regarded as a priority region.

- The lack of collaboration with autonomous regions since 2011 with regard to following up State projects (**such as the 'Broadband Plan', extended mobile telephone coverage, etc.**) affects both citizens and industry due to the loss of regional, social and economic sensibility this entails.
- **Approval of the LGTel:** the text of the adopted law, even though subject to an unconstitutionality appeal due to its impact on the urban planning powers of the Catalan Government with regard to two very specific aspects, considerably improves what the State Government was proposing.
- **Non-renewal of collaboration agreements** signed as a result of the implementation of the Statute of Autonomy, such as Inspection, Consumption and Radio Communication Stations. This will entail the loss of investments in Catalonia.

## **Tourism**

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**The State has orchestrated a tourism infrastructure with a budget of 1,244 million euros, when the entity with powers over tourism in Catalonia is the Catalan**

**Government. If we consider that the population of Catalonia is 16% of Spain as a whole, there should be a provision for Catalonia of 211.5 million euros per year.**

Catalonia is the number one destination for foreign tourists in Spain and accounts for approximately 25% of all arrivals in the State. Even so, the State does not appear to recognize this position of leadership:

- **Use of the deficit as an excuse not to sign agreements between the State and Catalonia on tourism matters.** The cross-cutting agreements instigated by Turespaña, such as the Pyrenees Agreement, stopped being signed as a result of the implementation of the Decree prohibiting the State Government from signing any kind of agreement with economic content with Autonomous Regions which fail to comply with the Stability Pact (deficit target).

For this reason, for three years there has been no agreement between Catalonia and the State Administration on the promotion of tourism. Turespaña has taken advantage of this fact to sign agreements directly with the tourism sector, leaving autonomous regions out and thus undermining the powers that have been granted to them by their respective Statutes of Autonomy.

- **The recentralization process continues when it comes to distributing tourism-related funds, and the State does not territorialize any of these funds despite the ruling by the Constitutional Court.** Every year, new programmes for distributing tourism funds appear in the form of subsidies to companies and town councils. In 2014, new lines of funds emerged, directed specifically at the tourism sector, such as Emprendetur and PAREER, with a joint endowment of 235 million euros, of which some 45 million would have corresponded to Catalonia if they were managed in accordance with the territorialization doctrine of the Constitutional Court's basis for its judgement regarding "Futures" (2001).
- **Conflict with the Tourist Paradors, involving a transfer that has been pending since the 1970s.** The State ownership of the tourist establishments that make up the network of Paradores S.A. in Catalonia is a breach of the decree transferring tourism services of the 1970s and early 1980s which has been maintained and perpetuated over the years. Their transfer would allow a management model much closer to the Catalan tourism model.

## Research and Universities

- **Catalonia, with 16% of the Spanish population, obtains 55% of its grants from the European Research Council and 29% from European Framework Programme funds; in contrast, it obtains less than 20% of its resources from the National R&D&I Plan.**
- **Catalonia generates approximately 40% of the patents that Spain registers with the European Patent Office (EPO). The State, however, has decided not to join the Single European Patent which has a direct impact on the Catalan model of research and innovation.**

Even though Catalonia is a proven leader in capturing European funds, which underlines the quality of Catalan research, the actions of the State in this sphere make it difficult to further develop its cutting-edge scientific activities. A few examples:

- **State cutbacks of 40% in R&D&I funding.** In recent years, State cutbacks to the budget destined for R&D&I have been constant, to the point that the cumulative cutback is now over 40%. In 2015, the State budget for this area increased by 4.24% compared to the previous year, yet a situation of fewer subsidies and more loans has become consolidated, which hinders the access of research centres and universities to these funds.
- **Non-implementation of around 50% of research budgets.** The Ministry does not implement a large proportion of the budget and in recent years this has risen to 50%. One of the means it uses to avoid implementing it is to link the award of research grants to the Treasury report on the state of the deficit of the autonomous region in question; in the case of Catalonia, this is a constant grievance.
- **Obstacles to competitiveness through double audits.** Another of the initiatives of the Ministry of Finance against research is the double audit system demanded of research centres, which eats up the few resources they already have; the money that should be destined for research is wasted in senseless bureaucratic processes.
- **The State has unified under a single legal entity the Network of Biomedical Research Centres (CIBER) and has centralized their management. Catalonia, with a 38% share in the CIBER, has lost its management of the two networks it had (CIBERehd and CIBERdem).**
  - The CIBER programme was set up in 2008 as a new State programme for biomedical research at the initiative of the Carlos III Institute of Health. By means of an international assessment, the most competitive research groups were identified in nine key themed health areas and organized into consortia. Each CIBER was set up as a separate legal entity and **the management and head offices of the CIBERs were divided among the autonomous regions.** Catalonia was in charge of two head offices (CIBERehd and CIBERdem). The programme moved around 30 million euros a year, which each CIBER managed independently with the supervision of the Carlos III Institute of Health and regular assessments.
  - Since 2014, the State Government and the Carlos III Institute have ordered the complete centralization of all the management of the CIBER, **closing down the independent management offices distributed around Spain; the legal status of each CIBER has been cancelled and a single legal entity has been created.** In the case of Catalonia, **with a 38% share in CIBER, it has lost the management of two of its networks (one until 2013).** Madrid has gone from managing one of the networks with a 24% share in the CIBER to being the sole consortium for all the centres.
- **The State has devolved the responsibility for returning Science Park loans to the Catalan Government, while at the same time centralizing powers and decision-making responsibilities.** For some time now, all the regulation of

loans to Science Parks has been decided from Madrid: whether or not to grant extensions, their terms and conditions, etc. Loans that were requested and have already been spent must be returned, and the responsibility for returning them has been devolved to the Administration of the Catalan Government.

- **Lack of a State fiscal policy designed to incentivize R&D&I**, which along with the minimal independent powers and fiscal stimulus of the Catalan Government represents a very significant barrier and a huge disadvantage compared to other countries which do make a commitment to research and knowledge. Catalonia's commitment to knowledge in the broadest possible sense will be undermined and hindered if it cannot move forward with its own fiscal policy that puts a priority on incentives for research.
- **The State's refusal to join the Single European Patent affects Catalonia's competitiveness as it makes it difficult to access the markets of other European Union countries. Furthermore, the State is putting obstacles in the way of generating patents.**
  - The European Parliament approved the creation of a single European patent thanks to an agreement reached by the European Council and Commission. The heads of government of the 27 Member States ratified the agreement, apart from Spain and Italy which decided not to participate. **The region most strongly affected by Spain's refusal to participate is Catalonia, which generates approximately 40% of all the patents that Spain registers with the European Patent Office (EPO).**
  - The protection of the industrial and intellectual property rights of the results of research is a process which is centralized at the Spanish Patents and Trademarks Office (OEPM); in other words, the Spanish Government has full powers in this respect. This necessitates translations into Spanish which, from the outset, is an additional burden upon Catalonia; it also has a negative impact on the agents who generate patents in Catalonia, some of whom have been refused grants that would enable them to cover part of the cost of patents because Catalonia has not met its deficit target. And now, universities are no longer able to opt for this grant; it is only available to companies.

From 2016, universities will have to pay taxes on patents (up to now they have been exempt) which poses a problem as the budget they have for patent expenses is very limited.

- **The State has imposed a replacement rate of 10% on research personnel (affecting universities, consortiums and the I3 programme).** Royal Decree-Law 20/2011, of 30 December 2011, established this replacement rate of 10%, which affected the years of 2012, 2013 and 2014. This reduction in the replacement rate is incompatible with the correct operation of the major infrastructures and centres that the State finances or co-finances. This has a negative impact on consortia such as the Alba Synchrotron and research positions have been lost at Ramon i Cajal, I3 and the CSIC.
  - In **2015** the personnel replacement rate was increased to a maximum of 50% for recruiting research personnel with a doctorate who had to pass an assessment to the I3 certificate for researchers and be identified as fixed-contract personnel. Despite this increase, the determination of the

replacement rate according to the State's conditions continues to limit the capacity of action of the Catalan Government, which sees itself as obliged to fall into line with the collectives and characteristics dictated by the State that do not allow for easy accommodation in the Catalan R&D model which is radically different to the State one.

- **The State has annulled the powers granted to the Catalan Government over initial authorizations for researchers in the Catalan Government. It has also centralized the renewal of study postings for researchers with a pre-doctoral contract.**

The State Government will control all extra-community students who are contracted as pre-doctoral personnel. Up until now, the process for study stay permits and work permits meant that the files did not go through the General State Administration.

#### **In the sphere of universities:**



**For more than 20 years the State has failed to comply with the law on study scholarships, and has not transferred entitlement to the Catalan Government as recognized by the courts.**



Furthermore, in the last ruling of the Constitutional Court on 19 February 2015, the Court itself found the delay in transferring full powers over scholarships in autonomous regions to be unjustifiable.

In this same ruling, the Constitutional Court recognized that mobility scholarships (intended for studying in a different autonomous region to the student's home region) can be territorialized, and hence the entitlement and exercise of the management powers over these scholarships corresponds to the Catalan Government.

Moreover:

- **Discrediting of the Catalan language and obligation to make a sworn translation of documents, information, requests (...) directed at the State.** It is becoming more and more common for research centres to be asked to send their documents in Spanish, translated by a sworn translator. This involves a waste of time and money and demonstrates the total lack of interest of the State (or at least certain ministries) in providing itself with the necessary instruments to have a 'normal relationship' with one of Spain's official languages.
- **The LOMQE aims to introduce a national centralized examination at the end of the Baccalaureate and, in principle, to eliminate selectivity.** Fortunately there are agreements in place with universities to preserve regulated university entrance procedures. The future of Vocational Training and courses may also end up affecting university entrances from these courses.

The LOMQE is a regressive education law which will have serious consequences for Catalonia if it is implemented as planned.

- **The State no longer accounts in its annual budget for grants for the full**



**tuition amount for degree and Master's courses.** With the new Royal Decree-Law 14/2012, the Ministry will only take responsibility for financing the lower limit of the public price range for each course, forcing autonomous regions to fund from their own budgets the costs that exceed this minimum threshold, which has been set within the framework of its own pricing policy and within the established thresholds.

Services that are not transferred should be financed from the State budget. The approved legislation establishes financial obligations upon the Catalan Government for a non-transferred service, to the point where for the 2013-2014 academic year the amount of this difference that the State unilaterally refuses to pay – although it is obliged to because general scholarships fall within its remit - **has not been transferred, at a cost of around 21 million euros which has had to be absorbed by the Catalan Government's system.**

- **The State has established a “Spanish gauge” university model (a four-year degree course and a one-year Master's course) against the wishes of the Catalan Government and Catalan universities.** The Spanish Government has opted to adapt the European Higher Education Area system with a structure of a four-year degree course and a one-year Master's course, opposing the model that is widely used in Europe of a three-year degree course and a two-year Master's course, and also against the wishes of the Catalan Government and universities. Finally, part of this problem has been redirected with the publication of a Royal Decree that amends Royal Decree 1393 and establishes a flexible duration for degrees of three or four years. However, it is now necessary to move forward with publishing the orders to amend the content of all the degree courses (essentially regulated professions) that have their own directives.
- **The State continues to put obstacles in the way of developing a contractual model such as the one being implemented in Catalonia, which is very necessary to boost the internationalization of our universities. The civil service model continues to be the benchmark for the Spanish university system.** Despite the recognized lack of internationalization of the Spanish State university system, which hinders the integration of foreign teaching staff in our institutions and diminishes universities' competitiveness, the State persists in putting obstacles in the path of a new contractual model.
  - It hinders the participation of professors who are employed full-time in certain positions (such as Deans) and in courts and tribunals.
  - It does not prioritize the PDI (teaching and research personnel) with permanent contracts among the collective susceptible to being replaced. It only counts the losses of civil service PDI when establishing the 'replacement rate' and on occasions (2011 and 2012) it has made it mandatory for new reinforcements to be for civil service PDIs only.

## Agriculture, Livestock, Fisheries and Food

While the EU and the Catalan Government are increasing their budgets for the Rural Development Plan (PDR), the State is reducing its contribution to the

Catalan countryside by 74%, in the framework of the PDR 2014-2020, and is only providing 59 million euros of the envisaged amount for the entire period. On the other hand, the State contribution is very much higher in other autonomous regions.

- **The State has reduced its contribution to the Rural Development Plan by 74% and is only providing 59 million euros of the amount envisaged for the entire period.** The EU has increased its budget by 11%, to 348.5 million euros, and the Catalan Government has increased its own by 1%, reaching 402.9 million euros.

The State provides Catalonia with a tiny amount of this financing, while for other regions it contributes almost the same amount allotted by each autonomous region. By way of example, the State contributions to the PDRs of Catalonia and Castile and Leon are detailed below:

	EU		State		Aut. Region		TOTAL	
	M€	%	M€	%	M€	%	M€	%
<b>Catalonia</b>	<b>348.5</b>	<b>43.0</b>	<b>58.8</b>	<b>7.3</b>	<b>403.2</b>	<b>49.7</b>	<b>810.5</b>	<b>100.0</b>
<b>Castile and Leon</b>	<b>969.0</b>	<b>53.2</b>	<b>418.4</b>	<b>23.0</b>	<b>435.5</b>	<b>23.9</b>	<b>1,822.9</b>	<b>100.0</b>

The State provided Castile and Leon with 23% of subsidies (418.4 M€), while only giving Catalonia 7.3% (58.8 M€).

Although the State justifies its low contribution by alleging that this is an area of regional power, the State has approved a National Framework and a National PDR which, based on its power over the ground rules and coordination of general planning of economic activity, totally determines the policies of the Catalan Government.

- **Delays between the approval of Ministry of Agriculture funds and their actual transfer** to the Catalan Government’s Treasury – a constant feature of everything co-financed by the State. This means that there is a delay in getting these subsidies to the sector.

By way of example, the delay in subsidies for agrifood industries to improve the transformation and commercialization of agricultural products in 2012 (4.6 M€). The Catalan Government had drawn up and done the accounting for the documents to pay this subsidy for the portion that corresponded to financing by the Catalan Government and the request for funds from the European Union, but could not process the whole payment because of the lack of the portion from the Spanish State.

- **Reduction in the amount of funds distributed to the Sectoral Conferences for Agriculture and Rural Development.** These are State funds which are transferred via the Ministry to the Department of Agriculture to finance activities or resources relating to the programmes which the Catalan Government has assumed the powers to execute.

- **The State has withdrawn its contributions to the Financial Plan of the European Maritime and Fisheries Fund 2014-2020.** During the 2007-2013 period, this contribution to Catalonia represented 10% of the Financial Plan. Furthermore, this distribution is the result of a system of distributing funds that does not in any way recognize the importance of the fisheries and agricultural sector, and establishes a correction factor based on the unfair distribution of the former programme which penalized regions that did not converge such as Catalonia, which had already made greater efforts in former financial programmes. In addition to this cutback, the State establishes a policy of recentralization of certain lines of subsidies, such as temporarily or permanently freezing them, which limits the powers of the Catalan Government and impedes the fishing sector's access to subsidies.
- **Noncompliance of the agreement of November 2010, of the Third Additional Provision,** whereby 12 million euros were to have been transferred to the Department of Agriculture for work that had already been executed, resulting in the cost having to be assumed by the Department.
- **Noncompliance with the financing of various irrigation works declared as being in the public interest** which should be financed by the Ministry, which has failed to meet its obligations (e.g. Fenollet, Bolòs, etc.)
- **Elimination of autonomous involvement in actions on rural roads declared as being in the public interest executed by the Ministry.** The Department used to collaborate with the site management of the works with a view to facilitating regional relations and avoiding officers from the Ministry having to travel to the region. In the most recent actions to be carried out (roads in the area of Segarra-Garrigues) the Department has not participated in the site management. This task has been done by civil servants from the Ministry without even the courtesy of informing the Department.
- **The State has opted for a centralized model of implementing the PAC,** which leaves Catalonia without any room for manoeuvre: the regionalization model of the basic payment; the non-inclusion of exclusive producers of vines, fruit and vegetables; the sectors and imports whose grants will be doubled up; the management of entitlement to basic payments, etc. All in all, this makes it impossible for Catalonia to implement the appropriate model for the specific needs of the Catalan agricultural and livestock sector.

## Environmental sustainability policies

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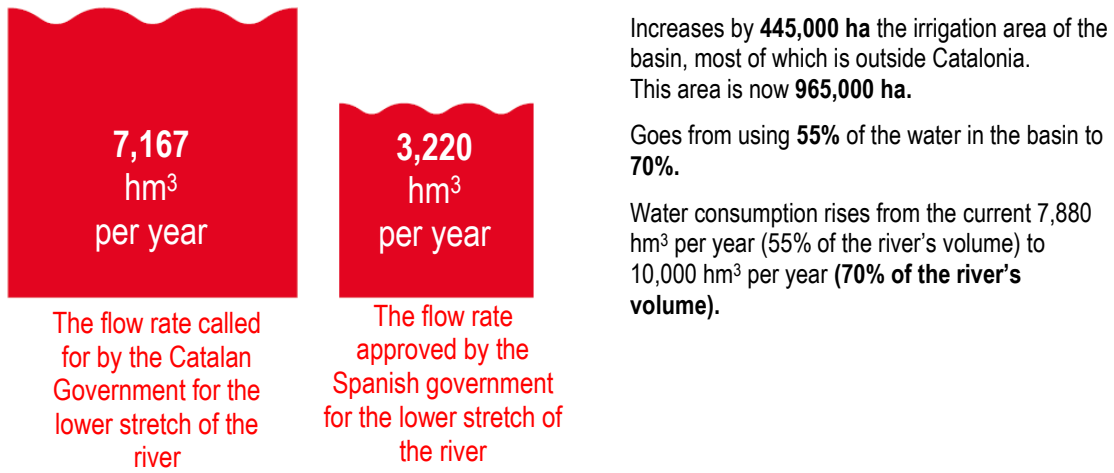
**The new Ebro Hydrological Plan, which does not envisage the environmental flow rate proposed by Catalonia, endangers the existence of the Ebro Delta and its activities.**

.....

- **The new Ebro Hydrological Plan does not envisage the environmental flow rate proposed by Catalonia.** The environmental flow rate for the final stretch of the Ebro that was approved by the Council of Ministers is half what is considered necessary and contravenes the EU's Framework Water Directive. It

increases the irrigation surface area of the basin by 445,000 ha, most of which is outside Catalonia. This area is now 965,000 ha. Moreover, it has gone from using 55% of the water in the basin to 70%.

## Ebro Basin Plan



Other water-related disputes include:

- **The State's outstanding debt with Catalonia in relation to water amounts to 24 million euros (Third Additional Provision of the Statute of Autonomy).** On 8 November 2010, the Secretary of State for Taxation and Budgets of the Spanish Government pledged in a written agreement with the Minister of the Economy and Finance of the Catalan Government to fulfil the Third Additional Provision of the Statute of Autonomy which obliged the State to provide 500 million euros for investments in infrastructures in the autonomous region of Catalonia. The provision corresponding to water cycle projects currently outstanding is 24 million euros.
- **The State does not make any contributions to the general budget of the Catalan Water Agency, though it does contribute to the other river basin organizations of the State, representing a comparative grievance.**
- **Actions to guarantee a water supply in the municipalities of the Territorial Restitution Plan of the project to decontaminate the Flix reservoir are still outstanding.** Although the Catalan Water Agency has undertaken its share of the actions (drawing up plans and handling the expropriations), ACUAMED is delaying its share of the project. If there is any kind of pollution accident during the decontamination work currently being executed, this shortfall will mean that a large number of towns downriver will be left without an alternative water supply.
- **Centralization of wastewater discharge authorizations.** Although the Statute of Autonomy establishes the Catalan Water Agency (ACA) as the competent authority for granting wastewater discharge authorizations in Catalonia, the CHE continues to apply the Transfer Decree from 1985 whereby the ACA deals with them through to the draft resolution stage while the CHE actually resolves them. This results in the duplication of reports issued and legal uncertainty.

This dispute is currently being dealt with by the courts and the Supreme Court of Justice of Catalonia (TSJC) has issued rulings cancelling the wastewater discharge authorizations granted by the ACA. Although in June 2014 the ACA and the CHE established the criteria for drawing up these reports between the two parties, there are still 100 files pending resolution in the courts which affect a large number of people.

- **Double taxation for users of the Ebro and Segre basins in relation to water taxes.** In shared basins, town councils and individual users are subject to double taxation: discharge control rates (State) and water rates (Catalan Government). This double taxation is an economic offence compared to other Catalan and Spanish regions.
- **Payment of the diversion tariff to the State of 9.7 million euros per year is a comparative grievance.** The Tarragona Water Consortium (CAT) is obliged to pay 9.7 million euros per year by way of a diversion fee for the 'mini-transfer' of the River Ebro to the Camp de Tarragona region. However, this money is not used for the purpose of the tariff and its payment has lost all meaning. Furthermore, it is discriminatory when compared to many other similar water basin diversions.
- **Other disputes involving the ACA and CHE:**
  - Resolution of reports that affect major infrastructures (e.g. the AVE high-speed railway) in inter-community basins. The CHE demands that the ACA provides complete files for resolution which complicates the processing of files.
  - The CHE does not accept registrations of concessions from the Water Registry issued by the ACA in the Ebro basin.
  - The CHE wants to open an office in the Terres de l'Ebre region to administer the functions that have already been delegated to the ACA.
  - The CHE continues to act as the river steward for the whole Ebro Territory, the functions of which were transferred to the ACA in 1985.
  - The processing of the Sworn Navigation Declarations should be the responsibility of the ACA.

**The sphere of environmental sustainability is not exempt from centralizing measures either:**

- **Homogenization of legislation on the environmental assessment of plans, programmes and projects, without considering the specific characteristics of each region.** An unconstitutionality appeal has been lodged against this Law (Law 21/2013, of 9 December 2013, on environmental assessment) which establishes a common and uniform procedure for the whole of Spain, leaving the autonomous regions no room for manoeuvre.
- **Breach of the Ruling in favour of the Catalan Government for the non-territorialization of the environmental benefits of the 0.7% of Income Tax.** This dispute goes back to 2008, when the State published the first of the calls

for subsidies in the framework of this financing, aimed solely at state-wide associations and foundations and limiting the involvement of Catalan environmental organizations. For this reason, in 2009 a positive conflict of powers complaint was lodged against the State before the Constitutional Court, which ruled in favour of the Catalan Government. Even so, in 2013 MAGRAMA once again convened the subsidies with the same objectives and beneficiaries, without fulfilling the ruling of the Constitutional Court.

- **The State prevents the Catalan Government from accessing the profits from Carbon Market Funds that originated in Catalonia.** The Catalan Government has claimed the part of the resources that it should be entitled to of the auction rights, bearing in mind that a considerable number of climate change policies have been implemented by the Catalan Government. The Spanish State has not only refused to entertain this proposal but has earmarked 450 million euros of the 500 million available to reducing the rate deficit, leaving only 50 million euros for climate policies.

With regard to the resources that Catalonia could be entitled to for the 2013-2020 period, if a tonne of CO<sub>2</sub> were paid at €15, its estimated revenue would be 125 million euros per year.

- **The State has centralized calls for subsidies for climate-related projects,** which are subsidised based on the Carbon Fund, and has totally centralized its management without providing any information to autonomous regions about the projects taking place in their territory, apart from the name and beneficiary.
- **Centralization of taxes that pertain to regional authorities: tax on fluorinated gas marketing.** Although the Catalan Government carries out the control and monitoring of the fluorinated gas market in Catalonia, the State has created a new tax on this marketing. All the management of this new tax is done by the Spanish Tax Agency (special taxes) without the Catalan Government being allowed any involvement at all.
- **Delay in the transfer of the observatory on the summit of Turó de l'Home which was agreed to in 2009 by the State-Catalan Government Bilateral Committee.** Despite the initial agreement, since October 2013, the time when the Department of Territory and Sustainability formally requested the free transfer of the ownership of the estate in which the Observatory of Turó de l'Home is situated, it has not received any response and is still waiting for the signing of the transfer by the Deputy Director-General of State Heritage. The aim is to recover a series of historical data and regenerate the Observatory building which has been in a state of abandonment for many years.
- **VAT deductible from the Catalan Meteorological Service.** The Spanish Tax Agency has modified (without being covered by any kind of legislative amendment) the criteria for deducting VAT from the Meteorological Service of Catalonia, something that will make it necessary to increase transfers from the Catalan Government to this entity, despite the efforts that this Service is making to increase sources of finance outside the Catalan Government.

#### **In the sphere of waste management:**

- **Insufficient financing of the Regional Activity Centre for Sustainable Production and Consumption by the Ministry (1.04 million euros per year).**

Although the State is responsible for 80% of the annual financing of the Centre, for the last three years it has not received any funding at all from the Ministry, and the Catalan Waste Agency has had to assume all these expenses, which amount to €1,300,000 per year.

- **Breach of the Framework Agreement on Waste Management in Andorra between the Kingdom of Spain and the Government of Andorra.** The State has failed to comply with the management agreement between Spain and Catalonia whereby the ARC was responsible for managing these transfers. This breach results in a much slower process, as it necessitates waiting for the definitive Ruling to authorize the transfers and the whole file has to be reported to the Ministry.
- **Overlooking the territorial situation of Catalonia in terms of waste management.** The Rationalization and Sustainability of Local Administrations Act of 2014 has put many local Catalan administrations against the ropes because it has transferred waste management to provincial councils, bypassing, in the case of Catalonia, many supra-municipal administrations, this being the case of county councils.
- **Centralization of the unified system of authorization for waste management.** The Waste and Contaminated Land Act has established a system of centralized authorizations for the whole of Spain without taking into account the powers of the autonomous regions. This modification affects the authorizations of the Integrated Waste Management Systems (SIG) which will now require a 'double authorization' for waste managers.

In the case of SIG authorizations, this entails the loss of the Catalan Government's capacity to demand that SIGs meet their targets, to agree on economic compensation for local entities, or the assumption of costs deriving from informative and awareness-raising campaigns.

# 3 Recentralization through the law

## Undermining of self-rule

### Recentralization of the Administration

With the excuse of getting rid of possible institutional and administrative duplications, the State is proposing to eliminate certain entities without evaluating the distribution of powers.

The State is suggesting that the Catalan Government gets rid of statutory institutions and organizations that are deeply rooted in Catalonia, such as the Ombudsman, the Auditor and METEOCAT.

The State Government has pushed forward administrative reform based on a report drawn up by the Commission for the Reform of Public Administrations (the CORA Report) with the aim of getting rid of institutional and administrative duplications. However, the State has automatically assumed that the source of these duplications lies with the autonomous regions, without attempting to distribute responsibility. For this reason, the Catalan Government takes a very dim view of these measures and is only prepared to accept a small percentage.

- **The State is proposing that the Catalan Government gets rid of other statutory institutions, apart from the Ombudsman and the Account Auditor, such as the Catalan Data Protection Authority, the Catalan Competition Authority, IDESCAT, Meteocat and its offices in the European Union and other countries.**

It also proposes the withdrawal or reduction of a large number of bodies that may not be expressly detailed in the Statute of Autonomy of Catalonia but were created under the auspices of statutory powers and the self-rule powers of the Catalan Government, such as development cooperation offices, the Consultancy Board for Administrative Contracting, the Catalan Court of Public Sector Contracting, the Telecommunications and Information Technologies Centre, the Catalan Certification Agency, the Cartographic Institute of Catalonia, the University Quality Agency, the Catalan Energy Institute and the Centre of Opinion Surveys, amongst others.

- **The State restricts the legal system of consortia.** Up until now this has been an open area for free configuration and organization by the members of the consortia themselves. However, the State has now chosen to lay down very precise rules that leave very little margin for regulation by the body itself.



In the case of scientific consortia, the new State model on Consortia is very prejudicial because **it divests them of their capacity to attract and recruit talent and their own contractual policies**. This is not feasible in centres whose model for attracting researchers is their international scope and scientific competence.

- **The State has created a single centralized subsidy database.** The National Subsidy Database has become the national system for publicizing subsidies for all public administrations. This database will be managed by general State intervention and all the public administrations will be required to send it the text of their calls for subsidies, the information required and the subsidies granted within the framework of each call, without exception for quantitative reasons.
- **The State is increasing the measures that affect the decision-making capacity of the Catalan Government through the State Law on the Rationalization of the Public Sector and the State's laws on foreign actions and services.** The areas affected include:
  - The organization and activities of the Administration itself (public functions, contracting, procedures, public assets, subsidies and foreign actions – treaties and other international agreements).
  - Regional organization and relations between administrations.
  - Intervention in the economy (market unity, control of retail establishments and opening hours).
  - Management of land, infrastructures and urban planning (water, coasts, ports, etc.).
  - Education and training (linguistic immersion model, teaching programmes and assessments, control of educational centres and their staff, vocational training).
  - Financial autonomy of the Catalan Government, in terms of both revenue (debt restrictions, suppression of taxes created by the Catalan Government) and spending (determining deficit levels, putting limits on staff contracts, imposition of financial burdens and general increase in state tutelage).
- **Centralization of powers through technological solutions.** The State proposes the creation of various single portals, single windows, single telephone call centres, information centres and databases in various spheres (institutional organization, economic management, subsidies, relations with local administrations, etc.), which provide it with detailed information on the organization and activities of autonomous regions, increase its control over our actions and restrict the self-rule powers of the Catalan Government.
- **Weakening of financial autonomy and loss of executive powers of the Catalan Government.** The recentralizing measures imposed by State regulations are very varied and also affect the Catalan Government's financial autonomy or entail a loss of its executive powers, which either revert to the State Administration, evidently strengthening its powers, or simply disappear (deregulation or liberalization of activities).

- **Harmonization of the agreements scheme and creation of a Digital Registry of Cooperation Bodies and Instruments.** The State wants to detail the basic nature of agreements, their content and objectives, imposing a duration of no more than four years, extensions that do not exceed 50 years, and the reasons for their termination. It also demands that they are financially sustainable.
- **Creation of an Inventory of Local, Regional and State Public Sector Entities.** This is a public administrative registry, the continuation of the current Inventory of State Public Sector Bodies (INVESPE), but with a general scope of application that extends to all the administrations that will depend on the General Intervention of the General State Administration.
- **Limitations to self-organization.** The State intends to regulate common administrative procedures, exhaustively and in detail, and establish relations between the Catalan Government and the State at an administrative level rather than a governmental one. The State will end up leaving autonomous regions and local bodies with no margin for self-organization.
- **Creation of a single portal for edicts.** The State has made it obligatory to publish notifications of administrative actions undertaken by any Public Administration in the BOE (Official State Gazette) by means of a single edict notice board. This provision infringes the powers of the Catalan Government when it negates the legal efficacy of notifications of administrative actions of the Catalan Government published in the DOGC (Official Catalan Government Gazette).
- **Predominant use of electronic means for administrative formalities.** The State intends to establish electronic procedures as the only possible option, questioning the viability of procedures in hard-copy format not to mention the system for the transition from one model to another, and without taking into consideration the options and peculiarities of each individual administration.
- **Homogenization and control of legislative output by the State** through the Bill on Common Public Administration Procedures. For the first time, in a unitary and uniform way, the State is regulating the procedure for drawing up laws, not only restricting the production of administrative provisions but also the entire procedure for drawing up general laws.

This will entail the requirement to draw up and approve an Annual Legislative Plan which will have to be included in the Transparency Portal of the Public Administration concerned.

- **The State Meteorological Agency (AEMet) is constantly calling for meteorological powers in Catalonia.** Meanwhile, the State Administration drew up a draft Meteorology Law (based on a report by the Public Administration Reform Committee - CORA) to suppress autonomous meteorological services and consequently absorb the Catalan Meteorology Service, with the argument that weather stations were being duplicated, which eventually was halted.
- **Proposal to take over cartographic powers by the State Geographic Institute and extension of the geodesic network,** in a purely political, economically expensive and entirely unnecessary decision, so it could make use of the existing fully standardized Catalan network.

## Local autonomy

The State Government forces local authorities to adhere to certain state platforms, taking advantage of the fact that they need to adhere to different financing mechanisms put in place by the Ministry of Finance and Public Administration.

In the same way, it obliges them to report directly to the Ministry, which makes it difficult for the Catalan Government to exercise its financial tutelage of local entities. This attitude has led to the duplication of submissions of information (to both the Catalan Government and the Ministry), leading to inefficiency and confusion.

- **The new Local Administration Law (LRSAL) encroaches upon the powers of the Catalan Government and local administrations.** The new State law on Local Administration moves the provision of services away from the environment that is closest to citizens. Town and city councils will lose their power to offer the people in their municipalities such basic services as home care or care for children in high-risk situations.

This policy directly attacks the Catalan model of customer service, which has always been committed to care in the proximity of their homes to avoid having to travel, and to providing a more rapid response with more intimate knowledge of each individual situation.

- **The State questions aspects of the new Special Aran Regime Act and the Municipal Charter of Barcelona.**
  - **The Aran Act:** The State questions specific aspects of this regime such as the unique integration of Aran in the territorial region of Catalonia, the status of Aranese as a native language for normal and preferential use, the attribution of powers that pertain to the jurisdictional councils to the extent that they can empty the provincial institution in the region of Aran, the recognition of the Aranese people's right to decide, and the consultation on the content of the Law.
  - **The Barcelona Charter:** The State questions the configuration of the Municipal Charter of Barcelona as its own basic rule of law.
- **A lack of respect for instruments that have already been developed by other administrations for local autonomy.** The Ministry of Finance and Public Administrations has **determined a reduction in the interest rate and improvements to the financial conditions** of the loans granted under the auspices of the extraordinary financing mechanisms for the payment of suppliers formalized in 2012 to the local authorities if they **join certain State platforms** such as *Emprende en Tres* and *FACe – the General Intake Point of E-Invoices* of the General State Administration, when there were similar platforms developed by the **Open Administration Consortium of Catalonia** to which these local corporations were previously affiliated.

- **Lack of rationality in dealings with the local public sector by obliging it to duplicate the transmission of information.** Order HAP/2105/2012, of 1 October 2012, establishing the obligations for the provision of information pursuant to Organic Law 2/2012 (LOEPSF), of 27 April 2012, on Budgetary Stability and Financial Sustainability, has forced local authorities to **duplicate the information to be sent** in different formats to the **Catalan Government**, which has and exercises financial tutelage powers over local Catalan entities, and to the **Ministry of Finance** and Public Administrations, which **wants to centralize this information**. Although this law does not entail an invasion of powers, it does lead to **inefficiencies and confusion** for local entities.
- **Encroachment of the powers of the Catalan Government with regard to its financial tutelage.** The Ministry of Finance and Public Administrations has orchestrated various mechanisms for providing local authorities with liquidity, conditional upon approval of a budgetary adjustment plan which is solely authorized and supervised by the Ministry, to which the local authority has to report directly. The lack of authorization and supervision by the Catalan Government of this financing and the direct monitoring of the execution of these plans hinders the financial tutelage of local bodies that Catalan Government has to proactively provide.

## Restrictions on foreign actions



- **Continuous obstacles and impediments by the Spanish Government to the foreign activities of the Catalan Government, even though these have proved to be effective in enhancing Catalonia's prestige overseas and directly upholding the interests of Catalonia in the eyes of other countries and organizations.**
- **The new State regulations undermine and cut back the Catalan Government's foreign actions, which are now subject to the supervision and control of the Spanish State.**



- Under Spanish laws, the freedom of foreign action of the Catalan Government is hugely restricted, given that any trips, visits, exchanges, actions and the signing of agreements or pacts with other governments must be notified in advance, even when these agreements pertain to the exclusive powers of the Catalan Government. The government thus exercises advance control and close political supervision of the exercise of powers that have been recognized as pertaining to the Catalan Government in the Statute of Autonomy.
- Catalan citizens who have wished to process their documents in Catalan at Spanish consulates abroad have found this option denied to them, with the excuse of the alleged obligation to present all such documentation in Spanish.
- Even the Spanish Ministry of Foreign Affairs and Cooperation, through its Spanish diplomatic representatives, has put obstacles and impediments in the way of, or has completely boycotted, the organization of academic, cultural and social events or bilateral governmental meetings with the bodies or

organizations of other countries.

- **The State has repealed any initiatives relating to foreign affairs** with the intention of limiting Catalan powers. Notably:
  - The creation of Catalan representative offices in Austria and Italy (Decreets 167/2014 and 168/2014).
  - The Catalan Government's registry of Catalans resident abroad (Decree 71/2014), the purpose of which is to ascertain the needs and demands of Catalan citizens living abroad.
  - The appointment of a permanent EU representative (Decree 2/2015).
- **Extreme State intervention and control of the foreign actions of the Catalan Government** which are very discriminatory in the recent ruling in Law 25/2014, of 27 November 2014, on international treaties and other agreements, which contains obstructions to the formalization of memorandums of understanding (MOUS) and the reaching of formal agreements on universities and research with other states or academic and scientific institutions of international renown. This policy of international cooperation and expansion, which until recently was rolled out without State administrative conditions and controls, is now dependent on mandatory communication and reporting to the Ministry of Foreign Affairs.
- **Boycott on the use of the Catalan language** before Spanish legations at bilateral Government meetings and cultural, social or academic events organized by the Catalan Government to disseminate the reality of Catalonia abroad.

## Lack of collaboration in security and civil protection

In an increasingly globalized world, police powers on the international scene are becoming more and more necessary and in this respect the State is resistant to facilitating the international actions of the Catalan police force – the Mossos d'Esquadra, a force with a proven success rate.

Some of these impediments to security and civil protection matters include:

- **Refusal to give the Catalan Government's police force – the Mossos d'Esquadra – equal powers in the international sphere**, specifically with the other police and security forces of the Spanish State, in the realm of cross-border pursuits regulated by the Treaty of Blois.
- **The Spanish State does not allow the Mossos d'Esquadra access to State and international police databases**, although it does make this information available to the National Police and the Civil Guard. Access to these

databases is essential in view of the need to deal with new forms of international terrorism and increasingly organized and structured criminal activities.

- **State legal impediments to calls to fill positions in the Mossos d'Esquadra.** The restriction imposed in the State Budget Law in recent years on making calls to fill vacant positions has prevented the Catalan Government from filling these places to the point where there is a current deficit of 1,300 officers. This contrasts with the fact that the Spanish State has assigned almost half the officers in the most recent graduation of the State Forces and Security Bodies to Catalonia, a region that already has its own integrated ordinary police force in the form of the Mossos d'Esquadra.
- **Noncompliance with the transfer of Maritime Rescue powers.** The Spanish State has breached the Statute of Autonomy by failing to transfer the functions and executive powers for maritime rescue that correspond to the Catalan Government.
- **The SEPRONA division of the Civil Guard continues to send officers to fulfil provisions for the conservation of nature and the environment in Catalonia,** when this power corresponds to Rural Agents and the Mossos d'Esquadra.
- **The State Emergency Plan for Nuclear Power Plants in Tarragona (PENTA) is not aligned with the civil protection structure of the Catalan Government** which is used to manage non-nuclear emergencies. The PENTA puts the State in charge of the different autonomous bodies that would normally manage emergencies under the direction of the Catalan Government.

## Attack on the Catalan retail model and consumer protection

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Even though the Catalan retail model is both consensual and successful, the State has contested this in every sphere (opening times, sales periods, shopping malls, etc.) and with the excuse of greater economic efficiency it has continued to implement recentralization measures.

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- **Opening hours.** The State's litigation on the subject of store opening times by means of supposedly basic legislation seeks to impose a model of deregulation in Catalonia and the State justifies this imposition by claiming increased economic efficiency. However, it has been demonstrated that the Catalan retail model is more robust and guarantees a varied offering for consumers.
- **Sales.** Establishing specific sales periods offers consumers the opportunity to buy cheaper products and also helps retailers to get rid of surplus stock after the summer and winter seasons. When the State upholds the criteria of "holding sales whenever the operator wishes", in actual fact it is putting retailers in an advantageous position, as larger operators can constantly rotate their stocks which causes uncertainty among consumers.

- Creating asymmetries in competition may benefit certain operators but in no way does it stimulate overall demand.
- **Retail establishments.** The State Government has repealed the Catalan legislative measures that prevented the installation of major shopping malls outside urban centres. Given that 91% of customer travel to these establishments is done in private vehicles, their proliferation causes traffic congestion on the roads, increases the amount of time that people spend travelling, and damages the environment.
- **Market Unity Guarantee Act (LGUM).** A clear example of the way the State justifies its centralizing and deregulatory praxis under the pretext of pursuing greater economic efficiency:
  - The application of the rule of authority of origin allows large operators to question the regulations of each community, transferring their headquarters to those that are more permissive and which, therefore, are further removed from organized retail management and the public interest. This manages to create real ‘administrative paradises’. In the long term, the new context entails a hostile environment for companies that want to maintain high social standards and ends up restricting consumers’ ability to make choices.
  - **Installation of establishments.** The LGUM takes advantage of the overriding reasons of general interest recognized by the Services Directive to question various criteria of the planning of commercial establishments (threshold sales area, population threshold and system of administrative intervention). In the case of population thresholds, the rule overlooks the fact that the opening of large retail malls in small towns leads to a large number of trips from other towns, which has various subsidiary consequences to mobility and the environment. In the long term, the presence of competitors who take advantage of these conditions makes the existence of a good number of local shops in the catchment area inviable; as a consequence, the commercial offering is widely dispersed to the great detriment of the local population, especially the elderly and people with reduced mobility.
  - **Crafts.** The LGUM aims to unify the requirements for obtaining a craftsperson’s licence as well as the list of artisan trades and the penalty system. In both cases, this involves excessive homogenization which does not correspond to the unique characteristics of each particular trade and region.
- **Institutional disloyalty.** Since 2011, the State has been using the Chambers of Commerce as a subsidiary administration for executing policies to promote trade in the region for those that do not have any competition, by virtue of an agreement between the Ministry and the Higher Council of Chambers of Commerce. The funds that should be managed by the Catalan Government are mobilized in accordance with criteria that **do not seek to preserve the Catalan retail model** (in 2010, the last year of any transfer of funds, these amounted to 1.4 million euros).



- **Consumer protection has encountered opposition from the State on numerous occasions: it is particularly noteworthy that the State repeals the**

actions taken by the Catalan Government to provide a solution for people who find themselves in a situation of energy poverty, the modification of the consumer code to support people with mortgage arrears, or the protection of consumers against the mis-sale of preference shares.

- In the case of energy poverty, the State fails to comply with European directives.

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- In relation to Law 20/2014 amending the Consumer Code to improve **protection for people with mortgage arrears**, the Ministry of Finance and Public Administration has opened a negotiating process prior to lodging an unconstitutionality appeal on behalf of the State Government.
  - The National Stock Exchange Commission informed the Catalan Consumer Agency that the **inspections** it was carrying out on the irregular trade in **preference shares violated its sphere of power**, and threatened to take the opportune actions to avoid this. The Bank of Spain has issued circulars regulating 'purely' consumer aspects such as information for users, the small print of contracts, etc., directed at aspects relating to the protection of consumers and users which are within the remit of the Catalan Government.
  - Based on the General Telecommunications Act, the Secretary of State for Telecommunications and the Information Society has stated repeatedly that with the exception of resolving complaints or disputes, **consumer administrations should abstain from sanctioning telecommunications companies** given that powers in this field correspond to the State.
  - The Law on the Rationalization and Sustainability of Local Administrations amended Law 7/1985, of 27 April 1985, on local government regulations, and **removed the reference to the protection of consumers and users being within the remit of local authorities from Article 25**. This could lead to a possible incident in relation to State financing of its own municipal powers.
  - Furthermore, there is a whole raft of unconstitutionality appeals by the PP and the Public Ombudsman against articles relating to the **linguistic rights of consumers** (Articles 128.1 and 211.5 and the corresponding penalties for breaches of them) in the Catalan Consumer Code.

With regard to energy poverty:

- The European Union published directives 2009/72/EC on the common rules for the internal electricity market and 2009/73/EC on the common rules for the internal natural gas market **which oblige Member States to define the concept of vulnerable consumers**.
- **The Catalan Government modified the Consumer Code, defining the concept of vulnerable consumer and banning the interruption of energy supplies during the winter months**. This regulation was in operation until the Constitutional Court granted the appeal of the Council of Ministers, which led to the suspension of the directive and the enforcement of Decree Law 6/2013 from 29/09/2014.



- In order to overcome this restriction, Law 20/2014 of 29 December 2014 **defined the concept of vulnerable consumer and banned the interruption of energy supplies during critical periods.**
- Furthermore, the Catalan Government **asked for the exemption of VAT on energy services and water supplies to families which, according to the social services of each autonomous region, were identified as 'vulnerable consumers'**. If vulnerable consumers were exempt from paying VAT, their energy bill would automatically drop by 21%, which in addition to the 25% social welfare reduction, would represent a total saving of almost 40%. The Central Government **refused to accept this request** and the Catalan Government asked the European Commission to make the Kingdom of Spain comply with the directives mentioned above.

# Institutional conflict

The conflict of powers between the State Government and the Catalan Government is formalized before the Constitutional Court (TC) by means of:

- Unconstitutionality appeals with regard to regulations with the status of law.
- Conflicts of competence or direct challenges in the case of regulations or acts without the status of law.

It should be noted that before taking the decision to go to the Constitutional Court, as well as seeking a ruling from the Council of Statutory Guarantees, in the case of unconstitutionality appeals, negotiations are held within the framework of the State-Catalan Government Bilateral Commission with a view to resolving the jurisdictional discrepancy and, in the case of conflicts of competence, a prior notification is made alleging the reasons why the party concerned believes the regulation in question infringes the limits of its powers.

Subsequent to the Constitutional Court's Ruling number 31/2010, of 28 June 2010, resolving the appeal that the MPs in the Popular Party parliamentary group in the Chamber of Deputies had lodged against the Catalan Statute of Autonomy of 2006, the following disputes arose:

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## The Catalan Government went to the Constitutional Court over 47 State laws:

- **19 conflicts of competence against State decrees**
- **28 unconstitutionality appeals against State laws**

**Meanwhile, the State went to the courts over 19 Catalan regulations or provisions:**

- **1 negative conflict of competence which was not accepted by the Constitutional Court**
- **15 unconstitutionality appeals**
- **Three direct legal challenges to autonomous community provisions**

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Of the abovementioned ruling, the Constitutional Court **has resolved 94 issues**. Of these, 31 were favourable rulings, 17 were partially favourable, 7 were partially unfavourable and 34 were unfavourable, as well as five issues which were resolved by Constitutional Court mediators (in four the objection was rescinded and one was dropped by the Catalan Government as it reached a satisfactory outcome out of court).

At present, in relation to disputes with the State, as of May 2015 the Constitutional Court **was still pending resolution of 43 issues**, of which: 33 were appeals and disputes lodged by the Catalan Government and 10 were lodged by the Spanish State.

Apart from these disputes, which involve the Catalan Government, the dispute between the Parliament of Catalonia and various State bodies should also be taken into account, which could also have an impact on the distribution of powers.

Annex 2 of this document lists in detail the challenges that the Catalan Government has lodged against State laws because they encroach upon its powers, and the one challenge that the State has lodged against Catalan laws.

## State breaches of current legislation

Although the State has brought a large number of issues concerning the administration of the Catalan Government before the courts with the aim of limiting its scope of action, the fact is that the State itself often fails to comply with current legislation and the commitments it has made.

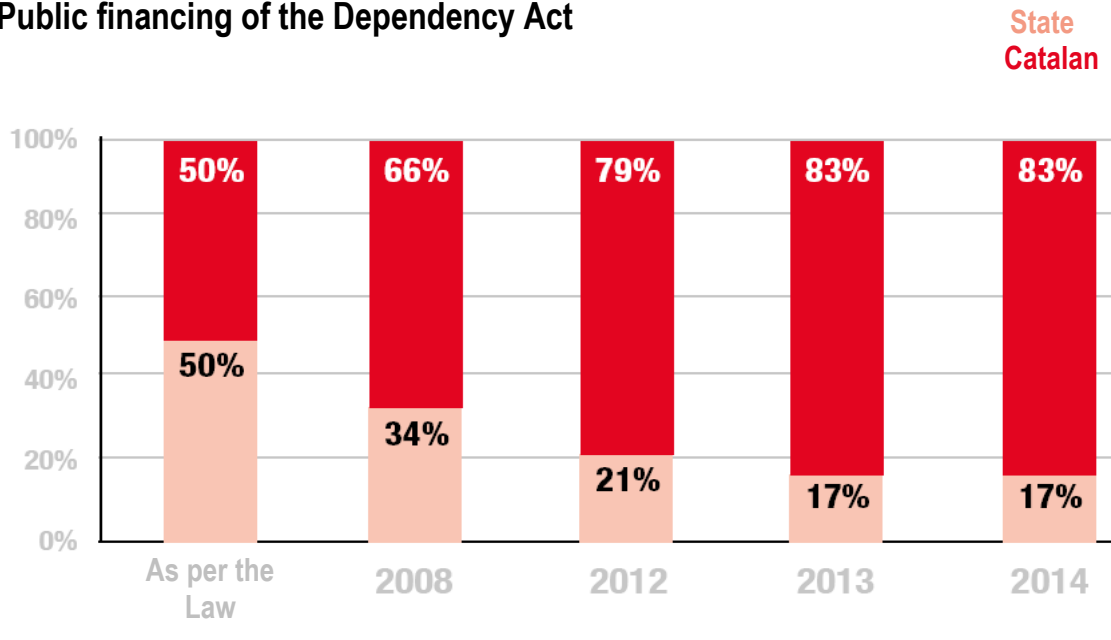
In this respect, although both the Constitutional Court and the ordinary courts have issued rulings that recognise the powers of the Catalan Government, the State has not taken any notice of them and has continued to breach current legislation.

Some of these breaches have gone on for many years to the logical detriment of the people of Catalonia. Notably:

- For more than 20 years **the State has failed to comply with the law on study grants, even though the Courts have recognized that this entitlement belongs to the Catalan Government.**
- **The territorialization of the 0.7% of Income Tax Return funds** earmarked for social purposes has been consistently contested by the Catalan Government since 1998, yet the State has systematically failed to comply with the rulings of the Constitutional Court in favour of the territorial management of the 0.7% of Income Tax Returns. This breach represents some 20 million euros that Catalan social organizations have failed to receive for use on social projects.
- Similarly, **the State has also failed to abide by the ruling in favour of the Catalan Government on the non-territorialization of the benefits of the 0.7% of Income Tax Returns for the environment.** Even though the Constitutional Court has ruled in favour of the Catalan Government, in 2013 the Ministry once again organized the call for subsidies, maintaining state-wide organizations as the beneficiaries of the subsidies and restricting the participation of Catalan organizations, thus breaching the ruling of the Constitutional Court.
- **It has systematically continued to breach the former sentence of the 1990s** on the Futures Plan which obliged the State to territorialize the funds destined for tourism subsidies. Every year new calls for subsidies and distributions of funds for tourism-related purposes are organized.
- **The financing of the Dependency Act** is also a breach of the law: while the State was supposed to contribute 50% of public financing with the other 50%

being provided by the Catalan Government, the fact is that the State contributes just 17% while the Catalan Government pays the remaining 83%.

**Public financing of the Dependency Act**



In 2014, for every €10 of public funds intended for the Dependency Act, the Catalan Government contributed 8.25 and the State just 1.75 (when it should be contributing half).

The State is contributing less and less.

- As already mentioned, the State has failed to comply with **the Third Additional Provision** of the Catalan Statute of Autonomy and has built up a debt that amounts to 3,967 million euros, which should be destined for **financing infrastructures**.

In another vein, though in this case without legal implications, on top of these non-compliances we could add the promise of 4,000 million euros that should have been provided for **the Catalan Suburban Railway Plan 2008-2015**, of which just 7% has been executed, or the Highway Plan, which the State has also failed to execute.

These breaches have forced the Catalan Government to resort to the courts once again to seek redress based on the law. Indeed, there are **numerous rulings in favour of the Catalan Government that the State has failed to comply with** and it has continued to engage in centralized regulation and management without taking into account the significance of these rulings, a fact that has forced the Catalan Government to appeal to the Contentious Administrative Jurisdiction.

It is important to note that the fact of **having to seek redress from the courts for these breaches involves a significant outlay of both economic and material resources** and slows down the normal operations and activities of the Administration.

Amongst the most obvious cases, it is worth highlighting various lines of subsidies destined for social services programmes and the integration of immigrants, whereby in view of the consolidated doctrine of the Constitutional Court that recognises the

exclusive power of the Catalan Government over social services and welfare matters, the General State Administration has reacted, year after year, by modifying the regulations of calls for subsidies with the aim of trying to disassociate the subsidies from these exclusive powers. In relation to this point, it is worth expressly quoting the Royal Decrees that were passed in 2013:

- Royal Decree 535/2013, of 12 July 2013, regulating the distribution of subsidies to companies in the Third Sector on behalf of the State Administration.
- Royal Decree 536/2013, of 12 July 2013, establishing the regulations for state subsidies destined for undertaking programmes of general interest, chargeable to the tax endowment from Personal Income Tax Returns, under the remit of the Secretary of State for Social Services and Equality.

Thus the Catalan Government has been forced to go to the Supreme Court, the Supreme Court of Justice in Madrid and the National High Court, depending on whichever of them is the competent judicial body in terms of the region and the nature of the provisions being contested.

Meanwhile, the Supreme Court of Justice of Madrid recently issued rulings 680/2014, of 18 December 2014, and 655/2014, of 2 December 2014, which were both favourable to the Catalan Government and cancelled the rulings of the Directorate General of Migrations dated 14 and 28 May 2013 which had made a call for subsidies for immigrant integration. Despite this, the Directorate General of Migrations of the Ministry of Employment and Social Security, by means of the Ruling of 10 March 2015, has convened a new set of subsidies for developing programmes aimed at immigrants.

In other cases, such as subsidies for the integration of immigrants aimed at local municipalities and administrations, the State's reaction to the option taken by the Catalan Government Administration was to stop making calls for these subsidies.

Annex 3 lists a whole series of contentious administrative appeals that the Catalan Government has been forced to lodge against actions by the State Administration in order to uphold its own powers, which cover a great many areas: university grants, infrastructures, housing, education, agriculture and livestock, culture, industry, etc.

# Attack on the Catalan schooling model

## Organic Law for the Improvement of Educational Quality (LOMQE)



- The approval of the Organic Law for the Improvement of Educational Quality introduced some in-depth changes to the model of the distribution of educational powers between the State and the autonomous regions. The change in the educational model reduced the powers of the autonomous regions to residual aspects, very much lower than those that had been recognized up to that time by the Statute of Autonomy and the previous organic laws on education.
- The new law makes it impossible to continue with the inclusive educational model and the system of linguistic immersion.



The Organic Law for the Improvement of Educational Quality (LOMQE) implements a reform that affects the entire educational system, with a new distribution of powers which has become the foundation of a new grouping of subjects into blocks according to powers (Government, Ministry, autonomous regions and educational centres) and not for educational criteria, which was the previous case.

It also regulates, **for the first time** in the sphere of education, **the right to receive education in the official languages** and assigns the evaluation and control of this regulation to a State body.

The LOMQE **alters the constitutional and statutory order of powers** by establishing a new educational system and **reserves exclusive competence over the curriculum for subjects of greater academic importance and the system of final evaluation** for compulsory secondary education (ESO) and the Baccalaureate, which does not even evaluate the content developed by the autonomous region (except the co-official language), nor allows the autonomous region to participate, **thus violating the shared powers in relation to curricular management. It also infringes exclusive powers in terms of the native language and contravenes linguistic rights in the educational sphere.**

Its implementation affects every sphere of education:

- It questions a model in which Catalan is the language of normal use and whose curriculums have to guarantee full knowledge of both languages at the end of the period of compulsory education.
- **It forces the payment of schooling expenses in private schools.** The State Government regulates the administrative process that recognizes the right of students following a basic education syllabus with a co-official language to be

compensated for the expenses involved in being taught at a private school where Spanish is used as the vehicular language when the educational administration concerned cannot provide a reasonable offer of teaching in Spanish.

The Catalan Government has lodged an unconstitutionality appeal, given that a **new hierarchical control has been created by the Central Administration with regard to autonomous regions which violates the political autonomy and encroaches upon the powers of the Catalan Government in the sphere of education and the native language**, establishing a procedure for checking and imposing penalties that gives the Central Government powers that belong to the Catalan Government, i.e. the educational offering and the specification made by of each school of its own educational project. **The State is putting the linguistic immersion system at risk.**

- **Final ESO and Baccalaureate examinations.** The regulation of the final ESO and Baccalaureate examinations is planned almost exclusively around core subjects, thus **leaving the Catalan Government without any powers over the organization of the curricular content and making it simply an executor of State laws on education.**
- **Basic Vocational Training.** Royal Decree 127/2014, of 28 February 2014, regulating specific aspects of Basic Vocational Training in the educational system, approves fourteen basic professional qualifications, establishes the basic curricula and amends Royal Decree 1850/2009, of 4 December 2009, on the issue of academic and professional qualifications corresponding to the educational system established in Organic Law 2/2006, of 3 May 2006, on education.
- **Basic curricula of Primary, Secondary and Baccalaureate education.** This is an antiquated curricular design, far too exhaustive, and does not allow the participation of autonomous regions in core subjects; in fact, it practically obliterates their participation. Furthermore, it envisages **single, centralized assessment at the end of each stage, controlled by the State**, which thus guarantees its control over the content. **The Catalan Government has lost its powers to determine curricular content and the number of teaching hours per different subject** and has also lost the final assessment of students.

## Other recentralizing measures

This attack on the very essence of the Catalan educational model is supported by a whole series of recentralizing measures that invade the powers of the Catalan Government and limit its scope of action.

Once again, these measures affect every sphere of education:

- **The Ministry is calling for precautionary measures from the Supreme Court which affect the process of school enrolments.** The Ministry asked the Supreme Court to take positive precautionary measures to establish a reasonable proportion of vehicular use of Spanish in teaching, which would force the Catalan Government to guarantee that 25% of non-linguistic subjects would be taught in Spanish to whichever students requested this, and demanded that it individually notified all students, whether pre-enrolled or enrolled, that this option

was open to them.

- **Training and research grants for university graduates.** A programme of educational grants for university graduates with excellent academic records for them to undertake teaching support at Primary Education centres for children with special difficulties. Based on a positive proposal, **this programme directly affects various areas under the power of the Catalan Government.** On the one hand, given its impact on the pool of teachers, it interferes with the provision of teaching places. On the other, given that the potential scholarship-holders are from all over Spain, in theory the situation could arise that these grants are awarded to graduates without any knowledge of the Catalan language. In this respect, it has been requested that knowledge of Catalan is a requirement for gaining access to these grants for places at schools in Catalonia.
- **Transfer of data from schools for evaluations of regional cooperation programmes.** The Ministry aims to **centralize the data from educational centres** across Spain with various different excuses. **This means that the Catalan Government would lose its authority to determine this content.**
- **“Neutral Point”.** This is a digital platform of educational material for the whole of Spain, the excuse being that it reduces costs. This initiative seeks to **standardize and control curricular content** practically on a school-by-school basis. **This means that the Catalan Government would lose its authority to determine this content.**
- **Common framework for digital competence.** Framework for facilitating the transformation and development of a digital culture in classrooms. Once again, another element **of unification/centralization** based on the development and design of tools, training courses and evaluations. **This means that the Catalan Government would lose its authority to determine this content.**
- **Professional qualifications.** The Royal Decree of 2013 that regulates the common directives for professional qualifications **encroaches on autonomous powers.** The State reserves the right to determine the procedures for evaluating and accrediting the professional skills corresponding to each qualification, and the personal and material resources necessary to roll out the relevant educational process and determine the composition and requirements of the people who sit on the Evaluation Committees of the necessary examinations to issue professional qualifications, as well as the way these Committees operate. The Catalan Government raised this dispute with the Constitutional Court. The Court determined that professional qualifications fall within the remit of powers over labour/employment aspects in respect of which the Catalan Government only has executive powers.
- **Rationalization of spending.** By means of Royal Decree Law 2012, on urgent measures to rationalize public spending on education, the State reserves the right to determine the weekly hours of teaching staff and the remuneration system with overtime, the restricts the possibility of temporarily replacing full teachers by substitute teachers until ten days have elapsed from the date of the situation that gave rise to the substitution. This restriction applies both to public education centres and private schools supported by public funds.

The increase in the teaching hours of teaching staff and the increase in the period for the temporary substitution of teachers **affect the powers of the**



**Catalan Government in the sphere of education as well as its exclusive powers of organization enshrined in the Statute of Autonomy.**

- **Royal Decree on the curricular organization of Primary, Secondary and Baccalaureate education and Vocational Training.** In 2013, the Constitutional Court dismissed the disputes raised by the Catalan Government. The Constitutional Court denied that either the Constitution or the Statute of Autonomy conferred the right to be educated in just one of the official languages of Spain, and affirmed the vehicular nature of the two languages which should be taught in sufficient depth – yet not necessarily equally balanced – to guarantee the right to understand and use both languages. It also declared that **the Spanish State was responsible for establishing the mechanisms to ensure minimal knowledge of the Spanish language** envisaged in Article 3 of the Spanish Constitution, because “regulation of the minimum number of hours that did not allow effective teaching of the two languages would fulfil the obligation deriving from Article 3 of the Spanish Constitution.” The Constitutional Court thus dismissed the challenge referring to the possibility of giving 10% of the total number of teaching hours to the autonomous regions with their own language to organize teaching of this language and to determine the number of hours corresponding to common teaching in the Spanish language.

With regard to Vocational Training, the Catalan Government considered that the regulation of vocational training models, in terms of what determines when training modules can be followed in the workplace and when the module refers to a project, and how the options of on-site or distance learning modules should be organized, **exceeded the content of the basic regulation for entering into purely organizational aspects corresponding to the Catalan Government.**

- **Teacher training conditions.** In 2008, the State passed a Royal Decree that defined the teacher training conditions for teachers of secondary education, the Baccalaureate, vocational training and special regime education, and established the specialist areas of secondary education teaching staff. However, the Royal Decree went further in generally determining which subjects public sector teachers could teach within and outside each speciality, in such a way that it **determined organizational aspects such as educational guidance or attention to diversity, leaving the Catalan Government without any margin for its own regulation.** The Constitutional Court (2014) dismissed the arguments of the Catalan Government, considering that the regulation of teaching specialities should be enshrined in the educational system and not as a public function in order to guarantee a standardized educational system and a uniform standard of education for every student.
- **Minimum primary education requirements.** In 2006, the Royal Decree was passed to enact the Organic Law on Education which established, in relation to primary education, the areas of knowledge that should be given in each cycle of this stage, what basic skills pupils should acquire, and the minimum content, targets and teaching hours necessary to impart this knowledge. However, it also enforces aspects relating to tutorial activities, appraisals, promotions and the assessment of diagnoses and other aspects relating to the care of pupils with special educational needs. In this dispute, the Catalan Government considered that this regulation did not meet either the material or formal conditions of the basic law and that it encroached on organizational aspects. The Constitutional Court’s ruling rejected this argument (2014). With regard to the use of languages, the Constitutional Court establishes that determining the teaching

hours for minimum educational requirements falls within the powers of the State and that it is up to the State to establish the mechanisms that guarantee minimum knowledge of the Spanish language.

- **Access to and acquisition of new specialities.** In 2004, the Royal Decree of the Regulation on Entry, Access and Acquisition of new specialities in faculties was published. As a result of the dispute raised by the Catalan Government due to the encroachment of powers, **the Constitutional Court's ruling (2013) increasingly widens the concept of what should be understood by 'basic', which could extend to including organizational and even executive aspects.**
- **Organic Law on Educational Quality (LOCE).** In 2002, the LOCE was passed **which affected the powers of the Catalan Government in the sphere of education:** the definition of common teaching; the State's reservation of exclusive powers with regard to teaching faculties; evaluations and inspections in the system; the system of grants and awards; the regulation of textbooks, syllabus materials and the academic calendar. The Catalan Government lodged an appeal which was only admitted with regard to the organic nature of some of the precepts (Constitutional Court Ruling of 2012).
- **Dual Vocational Training.** The ruling of 2014 resolved the jurisdictional dispute against Royal Decree 1529/2012, of 8 November 2012, regulating training and apprenticeship contracts and establishing the ground rules of the dual vocational training system. The challenge was dismissed in relation to the educational sphere; the Constitutional Court believes that **the State is entitled to executive powers and once again widened the concept of 'basic' to include organizational matters between schools and companies.**
- **Training course on the development of management skills.** Royal Decree 894/2014, of 17 October 2014, establishes the characteristics of training courses on management skills. This Royal Decree **infringes the powers of the Catalan Government,** given that the Organic Law only authorizes the State Government to develop the characteristics of the training courses on management skills; thus the Royal Decree establishes new requirements that were not envisaged in the LOE to participate in selectivity exams by regulating a new type of course, a refresher one, which is not envisaged in the Organic Law, and in any case relates to the ongoing training of teaching staff, a subject over which the Catalan Government has exclusive powers (Article 131.2 f of the Statute of Autonomy).
- **Decree 39/2014, of 25 March 2014, regulating the procedures for defining the profile and provisions of teaching places.** The Ministry deems that the Decree does not comply with basic State legislation. The State has the power to establish the ground rules for the legal system of public sector teaching staff and the basic conditions that guarantee the quality of all Spanish citizens in terms of the right to education. The State has the exclusive power to regulate the conditions for obtaining, issuing and approving academic and professional qualifications and to regulate the requirements of teaching qualifications as a guarantee of quality education.
- **Decree 15/2014, of 11 February 2014, establishing the Catalan Government qualification of technician for water networks, installations and treatment plants and establishing the curriculum.** The Ministry believes that the Catalan Government's own qualifications could be confused with the vocational training

qualifications in the educational system with State-endorsed academic and professional value.

# Disparagement of the Catalan language

Not only does the State not offer the special respect and protection referred to in Article 3 of the Constitution, but rather completely the opposite; it systematically fails to do so through continuous litigation that seeks to alter the current body of laws in place and minimize their effect (five laws challenged for linguistic reasons: laws on education, cinema, consumer code, Occitan and immigrant reception), with a proliferation of legislation and initiatives against the progress and natural development of Catalan (LOMCE, LAPAO, Degree on trilingualism in the Balearic Islands, etc.).

This lack of respect and protection of the language is evident in:

- **“Monolingualism” in the State’s institutional bodies:**
  - The impossibility of using Catalan in the lower house of the Spanish Parliament and its limited and measured use for the Senate, Ombudsman, Constitutional Court, Supreme Court etc.
  - Ignorance, lack of knowledge and lack of use of Catalan by staff working in the courts, the security forces and other state dependent collectives (RENFE, etc.) operating in Catalan-speaking regions.
  - **Explicit impediments to the Catalan language receiving any kind of international recognition.**
- **Regulations that impose the use of Spanish.** There are hundreds of provisions which impose the use of Spanish on the labelling of the widest possible range of products, especially in the economic sphere where sectorial technical regulations oblige the use of Spanish with no respect whatsoever towards other official languages, even within their own territories.
- **The funding provisions established by State Law 27/2007, of 23 October 2007 have never been met, which recognises Spanish sign languages** and regulates the means of support for oral communications of the deaf, the deaf and blind and people with hearing difficulties in Catalan sign language.
- **Failure to comply with the European Charter for Regional or Minority Languages** (ECRML, approved by the Committee of Ministers of the Council of Europe on 25 June 1992): complete lack of receptiveness to the recommendations of the Committee of Ministers of the Council of Europe on complying with the content of the Charter and the censorship of information provided by the Catalan Government in relation to reports on compliance with the ECRML.
- Law 2/2014, of 25 March 2014, on State Foreign Action and Service, **only recognizes sworn translations from and into Spanish as valid and official.**

It does not recognize sworn interpreters of Catalan into other languages or vice-versa. “Translations and interpreting from a foreign language to Spanish and vice-versa will only be deemed as official if they have been performed by those in possession of the Sworn Translator-Interpreter qualification granted by the Ministry of Foreign Affairs and Cooperation.”

- Much of the legislation approved by the Catalan Parliament since 2009 on the subject of language has been the subject of appeals to the Constitutional Court.
- **Law 20/2013, of 9 December 2013, guaranteeing the unity of the market, contains various clauses which affect or interfere with the application of the Law on Linguistic Policy or the Consumer Code Law.** The principle of free circulation of goods and people is a European Community principle that should not affect the normal application of the official nature of languages nor the means of their deployment or their protection. In contrast, this law, when implementing the principle of non-discrimination, does not take into consideration the specifics of the culture, language and powers of the autonomous communities.

The law could also invalidate the official nature of Catalan in Catalonia and the linguistic rights of consumers. By virtue of this, a businessman could refuse to label his products in Catalan, produce documentation in Catalan or might even claim that his company does not employ any staff with knowledge of Catalan.

The Catalan Government has submitted an appeal against the clauses it believes are unconstitutional affecting the official nature of Catalan and the rights of consumers.

- **Passivity of Spanish institutions in the face of growing linguistic intolerance** throughout Spain.
- **There is little or no presence of Catalan in state, public or private media in Spain.** There are no opt-outs for Catalonia in private media and they carry no music or culture sung or spoken in Catalan.
- **While in some cases central Spanish official bodies accept documents in Catalan, the general criteria is to reject the use of any official Spanish languages other than Castilian.** The way that the central State bodies keep competences and powers to themselves often means that citizens find themselves involved in cases that are processed and resolved in the State capital. The linguistic criteria of the Spanish Government are therefore radically different to those governing Switzerland, Belgium or Quebec where the respective central governments are multi-lingual.
- In some cases, official bodies dependent on the State do not respect the names established by Catalan institutions (e.g. Barcelona Airport, RENFE, some state highway road signs, websites, etc.)
- Oversight by the Ministry of Justice whereby in an **examination to qualify as a lawyer (convened in Barcelona,) the possibility of a Catalan language option was given**, providing candidates with versions of examination booklets, answer sheets and instructions for the exam in Catalan.

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- **Political decisions – disguised as technical arguments – by the Spanish Government to reduce the broadcasting space given over to Catalan and to limit broadcasts of TV3 and Catalonia Radio to within Catalonia, putting them out of reach of some Catalan-speaking areas.**
  - **Economic suffocation of autonomous TV stations, with a change in the interpretation of tax regulations on VAT that has caused legal uncertainty and financial problems for the Catalan Corporation of Audiovisual Media (CCMA).**
  - **Excessive VAT rates on culture that restricts the purchasing power of audio-visual products of the CCMA and, as a knock-on effect, harms the Catalan audio-visual industry.**
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- The Central Government, using various majorities, and the PP-controlled regional governments **restrict the broadcast and reception of Catalan radio and TV channels in the regions where Catalan is spoken.**
- The Spanish Government has a clear intention of minimizing or even eliminating the presence of the Catalan language from the media in Catalan-speaking regions. An example is the elimination of the second multiplex of the Catalan Corporation of Audiovisual Media, representing a loss of channels in Catalan.
- In addition, the fact that there is such a high VAT rate endangers the Catalan audio-visual industry as a whole and the people who work in it.
- In the same way, using technical or legal decisions as an excuse, the Central Government has systematically blocked and hampered the work and survival of the Catalan Corporation of Audiovisual Media.
- The behaviour of the Spanish Government with respect to communication seeks to minimize the dissemination of Catalan outside Catalonia, in contravention of Article 6.4 of the Catalan Statute of Autonomy.





## Annex. Outstanding transfers

The policy of transfers has been completely halted since 2011, since when not only have no transfers been made and nothing been increased, but also negotiations on regulating them have been complicated by a variety of factors.

Firstly, because of the Constitutional Court doctrine established by the ruling of June 2010 on the Catalan Statute of Autonomy of 2006, which in many cases weakened the statutory basis of each transfer. Secondly, because of the political position of the Central Government, which is very much against promoting self-rule; and finally, the lack of dialogue on a political level that has prevailed in State Government-Catalan Government relations over recent years, despite repeated requests from the Catalan Government to tackle the issue.

Following is a list of the transfers that the Catalan Government is still waiting for to be able to exercise the powers accorded to it under current legislation. Since the approval of Royal Decree 651/2011, of 9 May 2011, by which the powers transferred to the Government of Catalonia in respect of providing material and economic support to the Justice Administration Services, and the approval of Royal Decree 1099/2011, of 22 July 2011, by which human and financial resources were expanded for the Public Function Inspectors of the Labour and Social Security Inspectorate, no transfers for either have been made.

At the beginning of 2011, the Catalan Government lobbied for and coordinated an update of the list of transfers established by the Catalan Statute of Autonomy approved in 2006, and argued for it to be made a priority. As a result of that, the Catalan Government delegation drew up the corresponding proposal for negotiations with the State Government, which was ratified on 19 July 2011 at the meeting of the State-Catalan Government Bilateral Commission.

The State Government, however, has refused to enter into any type of negotiation.

### **The issue concerns the following nine subjects, already envisaged in the Statute:**

1. Ownership of the properties of the General Treasury of Social Security assigned to the Catalan Government.
2. Implementation of labour legislation in the sphere of work, employment and vocational training for jobs; mutual insurance companies covering workplace accidents and occupational health disorders.
3. Specialized healthcare training.
4. Authorization of pharmaceutical laboratories and manufacturers of healthcare and cosmetic products.
5. Maritime rescue service.



6. Private security.
7. Functions relating to marinas and fishing harbours in State-run ports.
8. Ownership of the Palau del Lloctinent.
9. The Barcelona Civil Registry building and the National Toxicology Institute.

Meanwhile, prior to holding the aforementioned Bilateral Commission, negotiations had reached an advanced stage on two further transfers which, since then, have also been blocked:

1. Scholarships and grants for university and non-university studies (a transfer that has dragged on since 1994).
2. Economic-administrative claims (functions relating to credit institutions, credit cooperatives, investment and pension fund management companies, and insurance sector brokers and companies)

Finally, the ones listed below are the items that the Catalan Government believes should be transferred in accordance with current legislation:

1. Historic Archive for the Province of Barcelona.
2. Collections belonging to Catalonia held in the Archive of the Crown of Aragon and the Royal Archive of Barcelona.
3. Historic bibliographical collections held in provincial libraries.
4. The Archaeological Museum in Tarragona.
5. Human and material resources to fulfil various roles with respect to the stock market.
6. Functions and services related to the economic-administrative bodies responsible for reviewing the total amount of taxes ceded to the Catalan Government.
7. Assessment of the quality of universities.
8. Functions and services relating to the appointment of barristers for court cases that take place in Catalonia.
9. Expansion of the functions and the human and material resources of the judiciary.
10. Authorization for the transfer of waste products from or to other countries not within the European Union.
11. Auxiliary port services and the management of areas within the public domain in ports.

12. Inspection of vessels and maritime safety.
13. Personal data protection.
14. Civil defence.
15. Organization and management of assets which include healthcare assistance and social services in the Social Security system.
16. Social Security functions and services.
17. Mutual insurance companies covering workplace accidents and occupational health disorders.
18. Functions not transferred from the Navy Social Institute.
19. Company registrations, affiliation and registrations/deregistrations from the Social Security system as well as powers to inspect and impose penalties in these areas.
20. National Centre for Working Conditions in Barcelona.
21. Functions not transferred in the field of work and employment.
22. Management of the Salary Guarantee Fund (FOGASA).
23. Functions of the Administrative Unit of the European Social Fund.



## Annex. Institutional conflict subsequent to the Ruling of 20 June 2010 on the Catalan Statute of Autonomy

In accordance with the list presented below, it is evident that the Government of Catalonia has felt obliged to appeal to the Constitutional Court more times than the State Government to pronounce on whether a regulation exceeds or not the limits of authority established by the current block of constitutionality.

Against the 19 challenges lodged by the State Government against Catalan depositions or laws, the Catalan Government has made 47 challenges to State regulations.

**Conflicts raised by the Catalan Government against State laws and decrees that infringe Catalan powers:**

**19 conflicts of competence against State decrees, ten of which are pending resolution:**

1. Bi-national Assistance Plan for the Perthus Tunnel on the High Speed Perpignan-Figueres Railway Line.
2. Royal Decree 1715/2010, of 17 December, whereby the National Accreditation Body (ENAC) was appointed as the national accreditation agency in accordance with the provisions of Regulation (EC) 765/2008 of the European Parliament and Council, on 9 July 2008, establishing the market accreditation and monitoring requirements relating to the commercialization of products, thereby revoking EEC Regulation 339/2003.
3. Royal Decree 102/2011, of 28 January 2011, on the improvement of air quality. (*pending resolution*)
4. Royal Decree 775/2011, of 3 June 2011, approving the Regulation of Law 34/2006, of 30 October 2006 on access to the professions of court lawyer or barrister.
5. Royal Decree 804/2011, of 10 June 2011, regulating zootechnics and animal health and welfare and establishing and equine health plan.
6. Royal Decree 1494/2011, of 24 October 2011, regulating the Carbon Fund for a Sustainable Economy. (*pending resolution*)
7. Order SSI/1199/2012, of 4 June 2012, establishing the regulatory basis and announcing the granting of subsidies for implementing cooperation and social volunteer programmes funded from personal Income Tax revenue.
8. Order SSI/1209/2012, of 4 June 2012, establishing the regulatory basis for granting subsidies under the general subsidy scheme of the Secretary of State

for Social Services and Equality.

9. Ruling of 31 August 2012, by the Secretary of State for Culture, inviting Local Authorities to submit applications for subsidies for cultural activities that promote cultural communication, for 2012.
10. Royal Decree 1529/2012, of 8 November 2012, implementing the contract for training and apprenticeship and establishing the basis for dual vocational training.
11. Royal Decree 189/2013, of 15 March 2013, which amends Royal Decree 34/2008, of 18 January 2008, regulating professional qualifications and the Royal Decrees that establish the professional qualifications required for its application.
12. Royal Decree 239/2013, of 5 April 2013, establishing the rules for applying Regulation (CE) 1221/2009 of the European Parliament and the Council, of 25 November 2009, relating to the voluntary participation of organizations in a community system of environmental management and audit (EMAS), and revoking Regulation (CE) 761/2001 and Decisions 2001/681/CE and 2006/193/CE of the Commission. (pending resolution)
13. Ruling of 13 May 2013, by the Secretary of State for Social Security, establishing the Social Security's general plan of preventive activities, to be applied through Social Security insurance companies covering workplace accidents and occupational health disorders in the planning of activities for 2013. (pending resolution)
14. Royal Decree 635/2013, of 2 August 2013, whereby in the development of the "PIMA Sol Plan to Promote the Environment in the Hotel Sector" for the energy renovation of its installations, it regulates the future acquisition of carbon credits through the Carbon Fund for a sustainable economy. (pending resolution)
15. Royal Decree 609/2013, of 2 August, establishing the thresholds for family income and assets and the amounts for scholarships and student grants for the 2013-2014 academic year, partially amending Royal Decree 1721/2007, of 21 December 2007, which sets out the system for scholarships and grants for personal study programmes. (pending resolution)
16. Royal Decree 1048/2013, of 27 December, setting out the method for calculating payments for electrical power distribution. (pending resolution)
17. Royal Decree 413/2014, of 6 June 2014, regulating the production of electrical energy from renewable energy sources, cogeneration and waste. (pending resolution)
18. Royal Decree 591/2014, of 11 July 2014, regulating the administration procedures in respect of the recognition of compensation of the costs of schooling envisaged in Section 4 of the thirty-eighth additional provision of the Organic Law on Education 2/2006, of 3 May 2006. (*pending resolution*)
19. Order HAP/196/2015, of 21 January 2015, approving the regulatory basis for

subsidies for the purpose of repair and renovation work for: municipal and community infrastructures, equipment, facilities and services affected by natural catastrophes, as well as the road networks of provincial councils, town councils, island councils and single province autonomous communities. *(pending resolution. The Catalan Government approved its presentation on 2 June 2015. As of 12 June 2015 it is pending acceptance for processing by the Constitutional Court)*

**28 appeals against state laws for being unconstitutional, 23 of which are pending resolution:**

1. Law 25/2009, of 22 December 2009, amending various laws to adapt them to the Law on free access to and execution of service activities.
2. Law 40/2010, of 29 December 2010, regarding the geological storage of carbon dioxide. *(pending resolution)*
3. Law 2/2011, of 4 March 2011, regarding a Sustainable Economy.
4. Royal Decree Law 8/2011, of 1 July 2011, regarding measures to support mortgage debtors, control of public spending and cancelling debts with companies and freelancers contracted by local authorities, promoting business activity and pushing for administrative simplification. *(pending resolution)*
5. Royal Decree Law 14/2012, of 20 April 2012, regarding urgent measures for rationalizing public expenditure in the field of education. *(pending resolution)*
6. Royal Decree Law 16/2012, of 20 April 2012, regarding urgent measures to guarantee the sustainability of the National Health System and improve the quality and safety of its services. *(pending resolution)*
7. Law 2/2012, of 29 June 2012, regarding the General State Budget for 2012. *(pending resolution)*
8. Royal Decree Law 20/2012, of 13 July 2012, regarding measures to guarantee budgetary stability and to promote competitiveness. *(pending resolution)*
9. Law 10/2012, of 20 November 2012, regulating certain tasks in the sphere of the Justice Administration and the National Institute of Toxicology and Forensic Sciences. *(pending resolution)*
10. Law 16/2012, of 27 December 2012, adopting a variety of tax measures in order to consolidate public finances and stimulate economic activity *(tax on bank deposits)*.
11. Law 17/2012, of 27 December 2012, regarding the General State Budget for 2013. *(pending resolution)*
12. Royal Decree Law 4/2013, of 22 February 2013, regarding support for entrepreneurs, stimulating growth and job creation. *(pending resolution)*

13. Law 2/2013, of 29 May, regarding the protection and sustainable use of the coastline and amending Law 22/1988, of 28 July 1998, on the Coasts. (*pending resolution*)
14. Law 8/2013, of 26 June 2013, regarding urban rehabilitation, regeneration and renewal. (*pending resolution*)
15. Law 12/2013, of 2 August 2013, regarding measures to improve food chain operations. (*pending resolution*)
16. Law 13/2013, of 2 August 2013, encouraging the integration of cooperatives and other associative bodies involved in agribusiness.
17. Royal Decree Law 11/2013, of 2 August 2013, for the protection of part-time workers and other urgent measures relating to economic and social matters.
18. Law 14/2013, of 27 September 2013, in support of entrepreneurs and their internationalization. (*pending resolution*)
19. Law 21/2013, of 9 December 2013, regarding environmental assessments. (*pending resolution*)
20. Organic Law 8/2013, of 9 December 2013, on the improvement of educational quality (LOMQE). (*pending resolution*)
21. Law 20/2013, of 9 December 2013, guaranteeing market unity. (*pending resolution*)
22. Law 24/2013, of 26 December 2013, regarding the Electricity Sector. (*pending resolution*)
23. Law 27/2013, of 27 December 2103, on the rationalization and sustainability of the local administration. (*pending resolution*)
24. Law 9/2014, of 9 May 2014, on General Telecommunications. (*pending resolution*)
25. Royal Decree Law 13/2014, of 3 October 2014, adopting urgent measures related to the gas system and the ownership of nuclear power stations. (*pending resolution*)
26. Law 18/2014, of 15 October 2014, regarding the approval of urgent measures to promote growth, competitiveness and efficiency. (*pending resolution*)
27. Law 32/2014, of 22 December 2014, regarding Metrology. (*pending resolution*)
28. Law 15/2014, of 16 September, regarding the rationalization of the Public Sector and measures for administrative reform. (*pending resolution. The Catalan Government agreed to submit it on 9 June 2015. As of 12 June 2015 it is pending acceptance for processing by the Constitutional Court.*)

## Objections raised by the State against Catalan laws and regulations

### One negative conflict of jurisdiction that was not accepted by the Constitutional Court (and no positive conflict of jurisdiction)

1. Management of State aid destined for Catalan local authorities within the framework of the State Fund for Local Employment and Sustainability, approved by Royal Decree 13/2009, of 26 October 2009, which created the State Fund for Local Employment and Sustainability (FEESL).

### 15 constitutional complaints against Catalan laws, nine of which are pending a ruling:

1. Law 4/2010, of 17 March, on popular consultations by referendum. (*pending resolution*)
2. Law 35/2010, of 1 October 2010, on Occitan and Aranese in Aran. (*pending resolution*)
3. Law 9/2011, of 29 December 2011, regarding the promotion of economic activity.
4. Law 2/2012, of 22 February, amending various laws in the audio-visual sector. (*pending resolution*)
5. Law 3/2012, of 22 February 2012, amending the consolidated text of the Law on Urban Planning, approved by Legislative Decree 1/2010, on 3 August 2010. (*pending resolution*)
6. Law 5/2012, of 20 March 2012, on tax, financial and administrative measures and on the tax on stays in tourist establishments.
7. Decree Law 4/2012, of 30 October 2012, on measures concerning commercial trading hours and certain promotional activities. (*pending resolution*)
8. Decree Law 5/2012, of 18 December 2012, regarding tax on deposits held in credit institutions.
9. Decree Law 6/2013, of 23 December 2013, amending Law 22/2010, of 20 July 2010, on the Consumer Code of Catalonia. (*pending resolution*)
10. Law 2/2014, of 27 January 2014, regarding tax, administration, finance and public sector measures. (*pending resolution*)
11. Law 3/2014, of 19 February 2014, regarding commercial trading hours for specific promotional activities. (*pending resolution*)
12. Law 4/2014, of 4 April 2014, regarding tax on deposits in credit institutions.
13. Law 10/2014, of 26 September 2014, regarding non-referendum popular consultations and other forms of citizen participation.

14. Law 16/2014, of 4 December 2014, on foreign affairs and relations with the European Union. (*pending resolution*)
15. Law 3/2015, of 11 March, regarding tax, financial and administrative measures – in relation to the development of State structures (the Central Government agreed to present it at the Cabinet Meeting of 12 June 2015. Therefore it is still pending acceptance for processing in the Constitutional Court).

### **Three direct legal challenges to autonomous community provisions**

1. Ruling 5/X of the Parliament of Catalonia, approving the Declaration of Sovereignty and the right to decide of the Catalan people (on 23 January 2013).
2. Decree 129/2014, of 27 September 2014, convening a popular consultation on the political future of Catalonia.
3. Actions aimed at holding a participative process on the political future of Catalonia on 9 November.

### **Meaning of the Rulings of the Constitutional Court**

Since 29 June 2010, the Constitutional Court has resolved 94 matters.

**31 rulings were in favour of the Catalan Government, of which the following five refer to objections put forward after the Ruling on the Statute of Autonomy of Catalonia:**

1. Royal Decree 1715/2010, of 17 December, whereby the National Accreditation Body (ENAC) was appointed as the national accreditation agency in accordance with the provisions of Regulation (EC) 765/2008 of the European Parliament and Council, on 9 July 2008, establishing the market accreditation and monitoring requirements relating to the commercialization of products, thereby revoking EEC Regulation 339/2003.
2. Order SSI/1209/2012, of 4 June, establishing the regulatory basis for granting subsidies subject to the general regime for subsidies of the Secretary of State for Social Services and Equality.
3. Ruling of 31 August 2012, by the Secretary of State for Culture, inviting Local Authorities to submit applications for subsidies for cultural activities that promote cultural communication, for 2012.
4. Royal Decree 189/2013, of 15 March 2013, which amends Royal Decree 34/2008, of 18 January 2008, regulating professional qualifications and the Royal Decrees that establish the professional qualifications required for its application.
5. Royal Decree Law 11/2013, of 2 August 2013, for the protection of part-time workers and other urgent measures relating to economic and social matters.



**17 rulings partially favourable to the Catalan Government, of which the following four refer to objections put forward after the Ruling on the Statute of Autonomy of Catalonia:**

1. Order SSI/1199/2012, of 4 June 2012, establishing the regulatory basis and announcing the granting of subsidies for implementing cooperation and social volunteer programmes funded from personal Income Tax revenue.
2. Law 5/2012, of 20 March 2012, on tax, financial and administrative measures and on the tax on stays in tourist establishments.
3. Royal Decree 1529/2012, of 8 November 2012, implementing the contract for training and apprenticeship and establishing the basis for dual vocational training.
4. Law 13/2013, of 2 August 2013, encouraging the integration of cooperatives and other associative bodies involved in agribusiness.

**Seven rulings partially favourable to the Catalan Government, of which the following two refer to objections put forward after the Ruling on the Statute of Autonomy of Catalonia:**

1. Ruling 5/X of the Parliament of Catalonia, approving the Declaration of Sovereignty and the right to decide of the Catalan people.
2. Law 10/2014, of 26 September 2014, regarding non-referendum popular consultations and other forms of citizen participation.

**34 verdicts unfavourable to the Catalan Government, of which the following eleven refer to objections put forward after the Ruling on the Statute of Autonomy of Catalonia:**

1. Law 25/2009, of 22 December 2009, amending various laws to adapt them to the Law on free access to and execution of service activities.
2. Bi-national Assistance Plan for the Perthus Tunnel on the High Speed Perpignan-Figueres Train Line.
3. Law 2/2011, of 4 March 2011, regarding a Sustainable Economy.
4. Royal Decree 775/2011, of 3 June 2011, approving the Regulation of Law 34/2006, of 30 October 2006 on access to the professions of court lawyer or barrister.
5. Royal Decree 804/2011, of 10 June 2011, regulating zootechnics and animal health and welfare and establishing and equine health plan.
6. Law 9/2011, of 29 December 2011, regarding the promotion of economic activity.
7. Law 16/2012, of 27 December 2012, adopting a variety of tax measures in

order to consolidate public finances and stimulate economic activity (tax on bank deposits).

8. Decree 129/2014, of 27 September 2014, convening a popular consultation on the political future of Catalonia.
9. Decree Law 5/2012, of 18 December 2012, regarding tax on deposits held in credit institutions.
10. Law 4/2014, of 4 April 2014, regarding tax on deposits in credit institutions.
11. Actions aimed at holding a participative process on the political future of Catalonia on 9 November.

**Five issues resolved through decisions by the Constitutional Court (four issues dropped and one withdrawn by the Catalan Government having reached a satisfactory out-of-court settlement), all submitted prior to the verdict on the Catalan Statute of Autonomy.**

Apart from the conflict in which the Catalan Government is involved, the dispute between the Parliament of Catalonia and various State bodies should also be kept in mind.



## Annex. Contentious administrative appeals

Apart from the infringements of powers described in this document, there are other areas under the jurisdiction of the Catalan Government that have been affected by Spanish State provisions or actions that contravene the law and have forced the Catalan Government to seek redress from the Contentious Administrative Jurisdiction.

It is important to note that in the majority of cases, before lodging the appeal, the Catalan Government Administration has exhausted every channel to try to reach an understanding with the General State Administration, by asking it in advance to repeal the provision, or to cancel the act, or stop or amend the action in question, or initiate the activity in the legally required manner.

Following is a list of the acts and provisions of the General State Administration which, since the end of 2011, the Catalan Government has referred to Contentious Administrative Jurisdiction:

### Electoral processes and civic participation

- Agreement of the central Election Board of 31 October 2012, case 293/322, whereby the Catalan Government had to withdraw the institutional campaign put in place to encourage voting in relation to the autonomous elections of 25 November 2012.
- Agreement of the Council of Ministers of 31 October 2014, whereby a challenge was submitted to the Constitutional Court in relation to actions by the Catalan Government to call upon Catalans and residents of Catalonia to express their opinion on the political future of Catalonia on 9 November.

### Funding and grants for universities

- Agreement of the Council of Ministers of 18 October 2013 rejecting the request made on 7 August 2013 against the Council of Ministers' Agreement of 28 June 2013, which approved the budget stability objectives for the tax years 2014, 2015 and 2016, and fixed the deficit target for the autonomous regions subsector at 1%, 0.7% and 0.2%, respectively, as well as the agreement of 12 July 2013, adjusting the deficit target for the autonomous region subsector to 1.3%.
- Inaction by the Ministry of Finance and Public Administration in the transfer of outstanding funds to the Catalan Government in settlement of the 2008 financial year in compliance with the Third Additional Provision of the Catalan Statute of Autonomy. Amount of the lawsuit: 759 million euros.
- Inaction by the Ministry of Finance and Public Administration in transferring outstanding funds to the Catalan Government in settlement of the financial years of 2009 and 2010 in compliance with the Third Additional Provision of the current Catalan Statute of Autonomy.
- Impossibility of adopting the Agreement of the Fiscal and Financial Policy

Council for the revision of the financial system within the prescribed legal period, as the Ministry of Finance and Public Administration failed to provide the necessary means to make it possible for the new system of autonomous region financing to be approved and in place for the 2014 financial year.

- Ruling of 26 November 2012, by the Secretary of State for Education, Vocational Training and Universities, granting supplementary contributions to centres in the European Higher Education Area for university students, higher education institutions and advanced vocational training students taking part in the Erasmus programme for the 2012-2013 academic year, from which, for no reason, grants to training centres for advanced vocational training were excluded.
- Ruling of 24 November 2014 by the Secretary of State for Tourism, setting up grants for projects and initiatives as part of the Emprendetur R&D programme within the framework of the National Integrated Plan for Tourism for the 2015 financial year.

### **Infrastructures and housing**

- Ministerial Order of 23 September 2010, approving the demarcation of 47,806 metres of publicly-owned maritime coastal shoreline in the inland marine area of Empuriabrava in the municipality of Castelló d'Empúries.
- Ruling to revoke the approval of the public information record on the project for the route of the north-eastern section of the A2 highway of Tordera-Maçanet de la Selva.
- Collaboration agreement of 30 March 2009 implementing the State Plan for Housing and Rehabilitation 2009-2012 (Royal Decree 2066/08, of 12 December 2008), as well as the commitments included in previous agreements.
- Order HAP/1950/2013, of 15 October 2013, establishing the procedure for granting subsidies for damages to municipal infrastructures envisaged in Law 14/12, of 26 December 2012.
- Order FOM/1932/2014, of 30 September 2014, approving the regulatory basis for awarding grants for the conservation and enrichment of historical Spanish heritage, covered by the resources for public works financed by the Ministry of Public Works and by associated or dependent public sector bodies.

### **Education**

- Royal Decree 127/2014, of 28 February 2014, regulating specific aspects of basic vocational training in the teaching of vocational training within the education system, approving fourteen basic professional qualifications, setting the basic syllabuses and amending Royal Decree 1850/09, of 4 December 2009, on the issue of academic and professional qualifications corresponding to the teaching established in Organic Law 2/2006 on Education, of 3 May 2006.
- Ruling of 16 June 2014 by the Secretary of State for Education, Vocational Training and Universities, inviting grant applications to develop educational resources for incorporation into the public access platforms of the Ministry of

## Education, Culture and Sport.

- Royal Decree 894/2014 of 17 October 2014, implementing elements of the training course on developing management skills established in Article 134.1c) of Organic Law 2/2006 on Education, of 3 May 2006, as well as appropriate refresher courses on management skills and the response to the requirement.

## Agriculture, Livestock and the Environment

- Order AAA/569/13, of 4 April 2013, establishing the regulatory basis for granting subsidies to organizations whose field of operation covers more than one Autonomous Community for activities related to the promotion of organic farming.
- Order AAA/1284/2014, of 20 July 2014, inviting applications for subsidies to be granted in 2014 to third sector entities and non-governmental organizations engaged in activities to protect the environment.
- Royal Decree 1075/14, of 19 December 2014, on the introduction from 2015 of direct payments to the agriculture and livestock sectors and other aid schemes, along with the management and control of direct payments for rural development.
- Royal Decree 1076/14, of 19 December 2014, on the allocation of basic payment system rights of the Common Agricultural Policy.
- Royal Decree 699/2013, of 20 September 2013, establishing the regulatory basis for granting subsidies to third sector entities and non-governmental organizations engaged in activities of social interest to protect the environment, and against Order AAA/1903/13 through which applications for the granting of subsidies are regulated by the Royal Decree for 2013.
- Ruling of the Ebro Hydrographic Federation (CHE) dated 13 December 2013, relating to the concession fee allocated to the plan of works for improvements to the hydraulic infrastructures of the Ebro Delta.
- Royal Decree 129/2014, of 28 February 2014, approving the Spanish section of the Hydrological Plan and the hydrographic demarcation of the Hydrological Plan for the Ebro River Basin (PHCE).
- Order AAA/1511/14, of 1 August 2014, ratifying the standard contract for the integration of poultry meat farming.

## Culture

- Refusal, through administrative silence, of the previous requirement brought before the Ministry of Education, Culture and Sport in relation to the decision not to return to Catalonia the documents and property of people that were removed or disappeared, and to initiate the return to Catalonia of all the documents and property identified as belonging to the Catalan Government and the property of private individuals still pending return which form part of the collection of property that the mixed committee agreed to restore.

- Ruling of the Secretary of State for Culture, dismissing the appeal lodged against the Ruling of 21 March 2014 by the Director of Fine Arts and Cultural Property and Archives and Libraries regarding the source of financing for the project “Work scholarships for cultural activities to promote culture and the generation and maintenance of related employment”, funded by a 1% cultural levy on the expansion work on the third and fourth lanes of the toll motorway AP-7, for which the company Acesa holds the concession.

### **Entrepreneurship, Industry, Trade, Employment, DTT**

- Order IET/2013/2013 of the Ministry of Industry, Energy and Tourism of 31 October 2013, regulating the competitive mechanism for assigning the service management of the uninterruptible power supply demand.
- Order IET/1276/2014, of 11 July 2014, granting financial support for industrial investment in the manufacture of motor vehicles as part of the policy to promote industrial competitiveness in 2014.
- Order IET/933/2014, of 13 May 2014, granting financial support for industrial investment as part of the public policy on reindustrialization in 2014.
- Order IET/944/2014, of 13 May 2014, granting financial support for industrial investment in the aerospace industry as part of the public policy on industrial competitiveness in 2014.
- Order IET/945/2014, of 13 May 2014, granting financial support for industrial investment in the manufacturing industry as part of the public policy on industrial competitiveness in 2014.
- Order IET/619/14, of 11 April 2014, establishing the ground rules for granting financial support to industrial investment as part of the public policy on reindustrialization and promoting industrial competitiveness.
- Order IET/594/14, of 10 April 2014, approving the regulatory basis for the financial years of 2013 to 2018 for grants intended to cover exceptional costs arising as a result of the closure of coal production plants included in the Closure Plan for the Kingdom of Spain for non-competitive coal mining.
- Labour Relations Agreement for the Payment of Social Security Contributions signed on 18 May 1999, corresponding to June and July 2012.
- Agreement of the General Directorate of the National Institute for Social Security approving the settlement resulting from the achievement of objectives in the control of temporary disability during 2013, established in the Labour Agreement signed with the Autonomous Region of Catalonia for the years 2013 to 2016, fulfilling the mandate established in the audit report of the accounts tribunal dated 27 March 2014 regarding the management and control of temporary disability by entities in the social security system.
- Ruling of the General Directorate of the National Institute for Social Security relating to the claim and settlement of debts arising from the collaboration agreement signed between the Ministry of Employment and Immigration (INNS) and the Autonomous Region of Catalonia in order to control temporary disability

in the period 2009 to 2012.

- Ruling of the Spanish Patents and Trademarks Office dated 18 February 2013, dismissing the appeal lodged by the General Directorate of Telecommunications and the Information Society against the refusal to register the idigital brand in all the requested categories (38, 41 and 42) of international nomenclature.
- Ruling of 6 February 2014 by the Spanish Patents and Trademarks Office, dismissing the appeal lodged by the General Directorate of Telecommunications and the Information Society, of the Department of Enterprise and Employment, requesting the revocation of the registration granted to the national brand “Instituto de la Economía Digital Idigital”, and the cancellation of its registration in Class 42 due to a clash with the mixed brand name “idigital”.
- Amendment to the Articles of Foundation, on a State-wide level, on the Prevention of Occupational Risks, made public by a notarized deed on 3 July 2014.
- Call for the assignment of resources for indirect territorial actions corresponding to the financial year of 2011 in respect of the “Foundation for Prevention of Occupational Risks.”
- Collaboration agreements signed on 17 March and 25 April 2014 to develop action programmes for the Integrated Plan for Retail Competitiveness 2014.
- Royal Decree 805/2014, of 19 September 2014, approving the National Technical Plan for Digital Terrestrial Television and regulating certain aspects of the release of the digital dividend.
- Order IET/2200/2014, of 20 November 2014, approving the regulatory basis for granting aid for projects and initiatives within the “International Entrepreneur” programme as part of the integrated national plan for tourism.

## **Justice**

- Order PRE/404/2014, of 14 March 2014, convening the examination to assess the professional competences required to practice as a solicitor in 2014.
- Order PRE/1682/14, of 12 September 2014, convening the examination to assess the professional competences required to practice as a court barrister in 2014.