

Huge cuts to Spanish budget in bailout bid

The Spanish government has set out an austerity budget with €39 billion of savings – aiming to make cuts of €150bn by 2014 – in a bid to get borrowing under control and avoid tough EU conditions on a bank bailout

Prime Minister Mariano Rajoy

Independent authority to monitor deficit reduction and government spending
58% spending cuts, 42% tax rises
Average 12% cut in ministerial spending
Wage freezes on public sector
New taxes on gas, electricity
Increase in pensions, funded by reserve

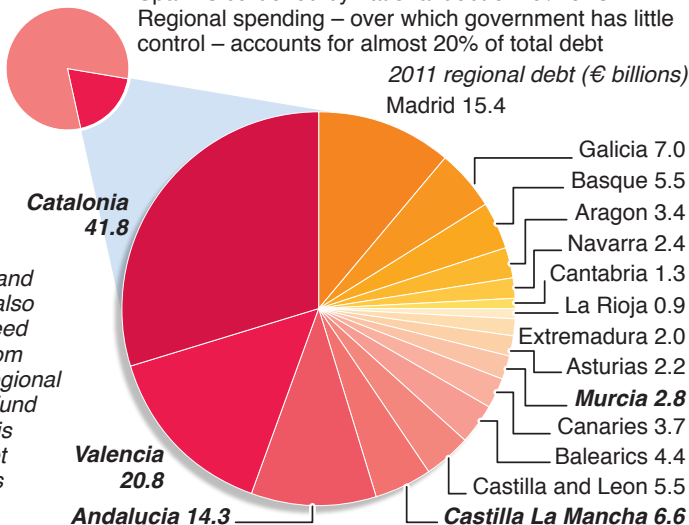
SPANISH DEBT
€804bn

Spain is burdened by national debt of 76% of GDP. Regional spending – over which government has little control – accounts for almost 20% of total debt

Regions
€150bn

Regions seeking bailout

Balearics and Canaries also likely to need support from €18bn Regional Liquidity Fund to meet this year's debt obligations



REGIONAL LIQUIDITY FUND

Remaining **€2.15bn**

Catalonia €5.0bn

Andalucia €4.9bn

Valencia €4.5bn

Castilla La Mancha €0.85bn

Murcia €0.6bn

BANK BAILOUT: €100bn available to refinance mainly regional banks

May be used to buy back bonds, bringing down cost of debt from 6%

Banking sector losses

€62bn

€38bn