

of the economy as a result of the decrease in unit labour costs and signs of recovery in some of the country's main trading partners.

A series of factors, including the fragility of the job market (with unemployment at around 26%), the persistently tight lending conditions and the need to continue to reduce the budget deficit, limit the growth of domestic demand and impose a moderate pace of economic expansion.

Success in correcting the external imbalance of the Spanish national accounts will depend on boosting exports and substituting a large proportion of imports with goods and services produced domestically.

The programme of financial assistance to banks, which allowed the recapitalization of financial institutions, ended in January 2014.

In 2014 the public sector will need to maintain the fiscal consolidation effort in order to reduce the deficit to 5.8% of GDP (6.3% in 2013).

Situation in Angola

2013 was marked by a slight decline in the rate of expansion of economic activity in Angola, which grew 4.5%, mainly due to the slowdown in oil production and the

partial execution of the expenditures anticipated in the national budget (OGE), specifically the expenditures envisaged under the Public Investment Programme (PIP).

According to Finance Ministry data, revenue from oil exploration decreased significantly in the last few months of 2013. The drop in revenue is due to the fall in the average price per barrel exported (down from USD 107.5 in 2013 to USD 111.0 in 2012), as the volume of exports was almost unchanged (630 million barrels, +0.2% more than the previous year).

A new customs tariff was published, effective from 2014, with the ultimate objective of stimulating local production through an increase in duties on imported goods. Given the existing constraints on the local supply, this change of policy may lead, in the short term, to an increase in final prices for consumers, which will tend to create inflationary pressures.

After a period of very rapid growth associated with the reconstruction effort, the Angolan economy entered a period of more moderate, though still significant, growth. The stable revenue from the expansion of oil and natural gas exploration will allow the authorities to pursue their strategy to stimulate economic diversification.

FINAL NOTE

Though less pronounced than before, some of the risk factors that could derail the recovery of global growth are still present in 2014, in particular the numerous political conflicts with no solution in sight, which will continue to affect the normal functioning of world trade and the performance of the emerging economies, which have been affected by the shift in U.S. policy.

Even so, the outlook for the economy is more positive.