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BACKGROUND

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1.1 SOCIAL AND ECONOMIC FRAMEWORK

1.1.1 Population

2012: the year with the lowest Spanish population growth

The census of the population is carried out every 10 years and provides abundant demographic and social information about each municipalities in Spain. Carried out in 2011 and published by the National Statistics Institute in December 2012, it is a highly important reference work for any analysis of the population, having been prepared using information from different administrative registers and statistical studies, with the municipal register (padrón) of notable importance among these. The census published in 2012 was the first carried out in Spain adapted to the new requirements of European legislation (Regulation 763/2008), which, among other things, assure comparability of the results across the EU.

According to the 2011 census, the Spanish population was 46,815,916 (census date of 1 November). Since the census carried out in 2001 the Spanish population has grown by 5,968,545 individuals, an increase of 14.6%.

The main reason for the population increase between 2001 and 2011 was the substantial increase in the foreign resident population, with three million non-Spaniards arriving in Spain. The native Spanish population has moved from 39 million inhabitants in 2001 to more than 41 and a half million.

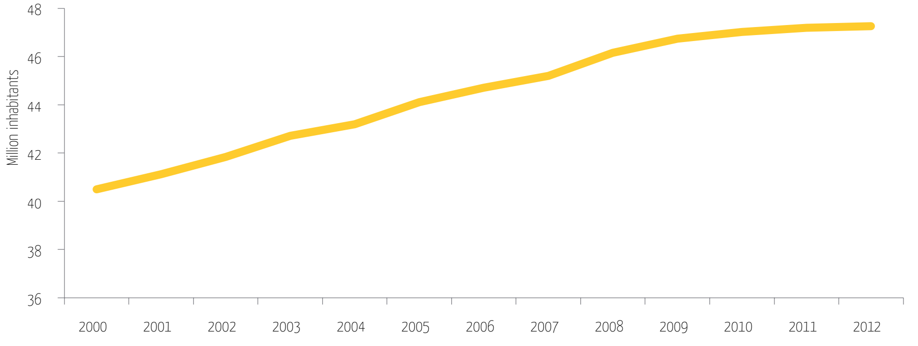
The reasons for this increase have been rising life expectancy, an increase in the birth rate (which reached its highest rate between 2005 and 2009) and the fact that many foreigners acquired Spanish citizenship.

Royal Decree 1697/2012, of 21 December, declares that the population figures on the municipal register as of 1 January 2012 are to be taken as the official statistic. This gives Spain an official population of 47,265,321, an increase in the population of 0.16% with respect to 2011, the lowest increase in recent years (between 2004 and 2005 there was an increase of 2.11%).

Andalusia, with 17.9% of the total population, Catalonia (16%) and Madrid (13.7%) are the autonomous communities with the biggest share of the 2012 population figures. In terms of the size of municipalities, only 20.09% of the total 2012 population lived in municipalities with less than 10,000 inhabitants, while in the year 2000 this percentage was close to 24%. This is an indicator of population movement from rural areas to more populous urban areas.

2012 is the first year to show a decline in the foreign population (- 0.26%), with a total number of 5,736,258 foreigners. Almost 50% of these are from European countries. The biggest increase in this segment of the population occurred in 2008, with a rise of 16.6%.

Official population figures
Municipal register review as at 1 january



Source: INE

In 2012 Spain was still the fifth most populous country within the EU-27, with 9.2% of the total population; it is also fourth in terms of population growth during the period 2000-2012, with an increase of 15.3%. This percentage was only exceeded by Cyprus, Ireland and Luxemburg.

1.1.2 Economic development and productive sectors

In 2012 real GDP declined by 1.4%, after the slight increase of 0.4% in 2011

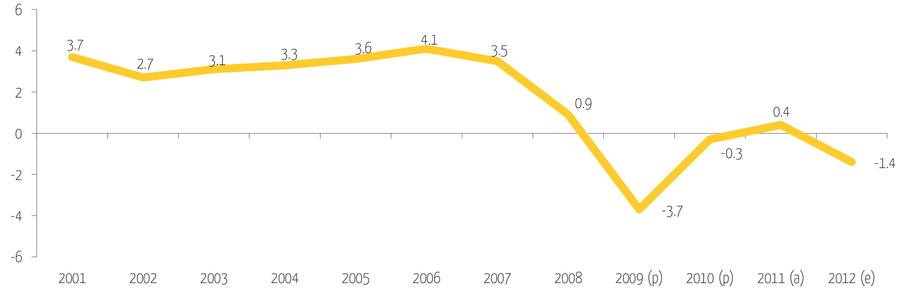
The economic framework has been, and is, influenced by several factors such as the strong need for external financing, high level of deficit and debt, together with problems of confidence, solvency and financing.

In order to boost the recovery of the economy several lines of action and structural reforms in various areas have been carried out, in order to enhance the financial system and the labour market.

Economic activity in Spain, measured by GDP in terms of constant prices (real economic growth without inflation), began to fall in 2007 and had negative values in 2009 (-3.7%) and 2010 (-0.3%), increasing to slightly positive values in 2011. Nevertheless, the forecast for 2012 is for a fall of 1.42%, breaking with the recovery that appeared to have started in the previous year and marking the beginning of a new recessionary phase. GDP at 2012 prices stands at 1,051,204 million euros in 2012.

The aforementioned growth in terms of real GDP in 2011 was 0.4%, while the latest data adjusted the 2010 figures downward by two decimal points with respect to the previous data (moves from -0.1% to -0.3%).

Year-on-year variation rates of GDP volume (%)



P = Provisional / a = in advance / e = estimation Source: INE

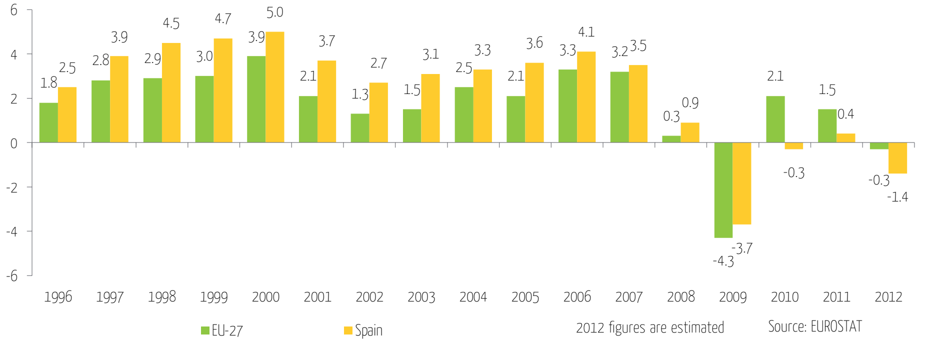
The highest real GDP growth in the autonomous communities in 2011 occurred in the Canary Islands (1.7%), the Balearic Islands (1.6%), Navarre (1.4%), and Castile-Leon (1,1%). The largest GDP declines took place in Extremadura (–0.9%), Melilla (–0.6%) and Castile-La Mancha (–0.4%).

The GDP growth rate in the EU-27 between 2010 and 2011 in real terms was 1.5%

The average nominal GDP in Spain per inhabitant in 2011 was 23,054 euros; in the EU it was 25,200 euros. Seven autonomous communities exceeded the Spanish average: the Basque Country (€31,058 per inhabitant, 37.4% higher than the Spanish average), Madrid (€29,845 per inhabitant, 29.5% higher than the Spanish average), Navarre (€29,640 per inhabitant, 28.6% higher than the Spanish average) and Catalonia (€27,236 per inhabitant). In last position is Extremadura with €15,771 per inhabitant, preceded by Andalusia with €17,337.

The comparison between GDP trends in terms of volume between Spain and the EU shows the higher growth of this indicator in Spain versus Europe, which confirms the expansive phase of our economy described above. Even in 2009, a year during which both economies contracted, the fall experienced by Spain was slightly smaller than the European average. However, in 2010, 2011 and 2012, Spanish GDP fell to a greater extent than that across the EU-27, a clear sign of the economic crisis affecting Spain in those years.

Year-on-year variation rates of GDP volume: EU-27 and Spain

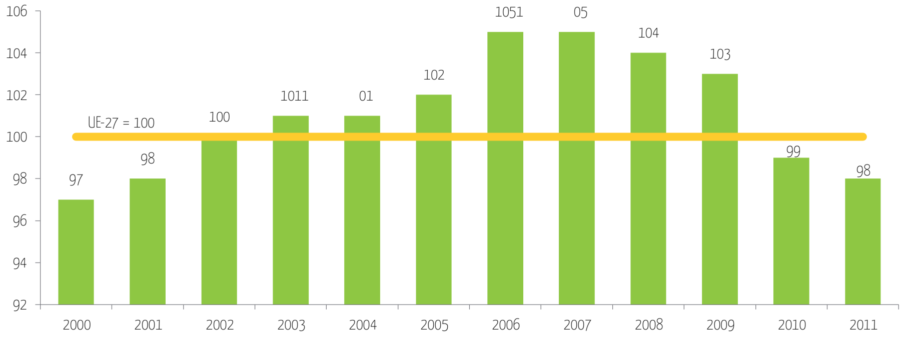


2012 figures are estimated Source: EUROSTAT

Spanish GDP at current prices stands at 1,063,355 million of Euros in 2011 (at market prices).

From 2002 to 2009 Spanish GDP, measured in terms of purchasing power parity, was above the EU-27 average. From 2007 onward a downward trend has been seen, with Spain two-tenths of a point below this average value in 2011.

GDP per inhabitant in terns of Purchasin Power Parity in Spain (EU-27 = 100)

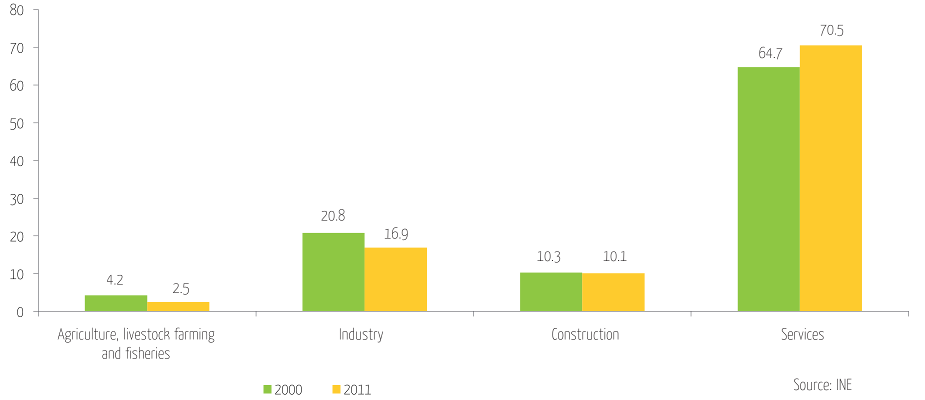


Source: EUROSTAT

In 2011, 12 countries had GDP values, measured in purchasing power parity, higher than the Spain's. As in 2010, Spain's indicator was similar to, but still below, the average values of the EU-27.

The structure of the contribution of each economic sector to Gross Value Added ('GVA') was the same in 2011 as in the previous years, with the service sector playing a key role (70.5%), followed by industry (16.9%) and construction (10.1%). Agriculture, at 2.5%, is the sector with the smallest contribution. In comparison with the year 2000 there is a clear decrease of the contribution from the agriculture and industrial sectors, taking into account that in that year these sectors represented respectively 4.2% and 20.08% of GVA. It is necessary to highlight the growth experienced in the GVA contribution of the services sectors, which in 2000 was only 64.7%. The construction sector made the same contribution in 2000 as in 2011; nevertheless, the real increase in this sector took place during the expansive growth phase, reaching 14.2% of GVA in 2006.

GVA breakdown by activity sector (%)



Source: INE

An analysis of the economic sectors over recent years shows us that almost all the productive branches in 2011 had positive rates of change except for construction (- 5.9%) and the group made up of agriculture, livestock farming, forestry and fishing (-0.7%).

Within the services sector, financial activities and insurance are the only areas that experienced a decrease in their GVA.

According to the 'Report on the socioeconomic and employment situation. Spain 2011" of the Economic and Social Council, the disproportionate growth of the construction sector during the period of economic expansion, together with an easing of access to external financing both for companies involved in the sector and for households, led to 13.3% of workers in Spain in 2008 being employed in this sector. Since the start of the crisis the labour force dedicated to this sector has been greatly reduced; in the last trimester of 2011 only 7.5% of workers were employed in the sector.

GPD and GVA by activity sectors (millions of euros)

	2000	2005	2010 (P)	2011 (A)
Agriculture, livestock, forestry and fishing	24,075	24,828	24,554	24,383
Industry	118,294	148,025	154,770	165,051
Construction	58,664	110,425	104,762	98,546
Services	368,565	529,196	673,685	688,331
GAV	569,598	812,474	957,771	976,311
GDP at market prices	629,907	909,298	1,048,883	1,063,355

P: provisional data. A: advance data. Source: INE

The Spanish labour force decreased in 2012 by 158,700 persons and stood at 22,922,400 individuals. The annual rate of change in the active population shows a downward trend over the last two years, with an interruption only during the first trimester of 2012.

In 2012 the unemployment total reached 5,769,000, 15.4% higher than in 2011; 96.1% of this total number were between 20 and 64 years old. 2007 was the last year in which the number of unemployed declined; in 2008 the figure increased by 41.3% and in 2009 by 60.2%. From 2010 the increase was less pronounced: 11.6% in 2010, 7.9% in 2011 and 15.4% in 2012.

This trend had led to a very high unemployment rate, the highest of the EU-27, which had an average of 10.5%. In 2007 the unemployment rate in Spain was 8.31%, after this year the rate continually increased, reaching 25.2% in 2012.

Unemployment among young people has significantly increased in the EU-27 since the start of the crisis in 2007. In 2012 the average of this unemployment was 22.8% (with a variation among countries between 8.1% in Germany and 55.4% in Greece) while in 2007 that rate in Spain was 15.7%. Spain occupies the second highest position, with 53.2% youth unemployment in 2012, triple that of 2007, when the rate was 18.2%. The rate for the 16 to 19 year old age group reached 72.2% in 2012, with the under-25 group registering 49.1% unemployment. These are worrying figures for Europe, revealing that one out of every two young people under 25 has no employment.

In terms of the autonomous communities, Andalusia, Extremadura, the Canary Islands and Ceuta have unemployment rates over 30%. The Basque Country, with less than 15%, had the lowest unemployment rate in 2012.

1.2 TRANSPARENCY AND ACCESS TO ENVIRONMENTAL INFORMATION

In 2012 steps were taken to improve transparency, more than just concerning environmental matters

The principles of transparency and access to environmental information, reflected in the Aarhus Convention and Directive 2003/4/CE, were transposed into Spanish law by Law 27/2006, of 18 July, regulating the Rights of Access to Information, Public Participation and Access to Justice in Environmental Matters. Subsequently, several autonomous communities developed their own legislation on environmental information.

The main legal modification has been the approval, in 2012, of Order AAA/1601/2012, of 26 June, setting out instructions in relation to the application of Law 27/2006, of 18 July, by the Ministry of Agriculture, Food and Environment. The order established common, homogenous criteria in the application of the law, with the aim of improving the special procedure for the processing and resolution of petitions for environmental information received by the Ministry of Agriculture, Food and Environment, their institutional bodies and different public organisms and entities, to avoid errors that occasionally occurred in its application.

Public authorities are aware that transparency and access to information must be given priority in every public action and, motivated in particular by the public, who are ever-more organised in their demands for more efficiency, explanations and responsibility from public administrations, they have been developing legislative initiatives relating to transparency and good government that go beyond environmental matters.

The Autonomous Community of Navarre is an example of this, with the development in 2012 of Regional Law 11/2012, of 21 June, on Transparency and Open Government; other autonomous communities, such as the Canary Islands, Andalusia, the Basque Country and Extremadura worked on their own legal projects concerning transparency during 2012.

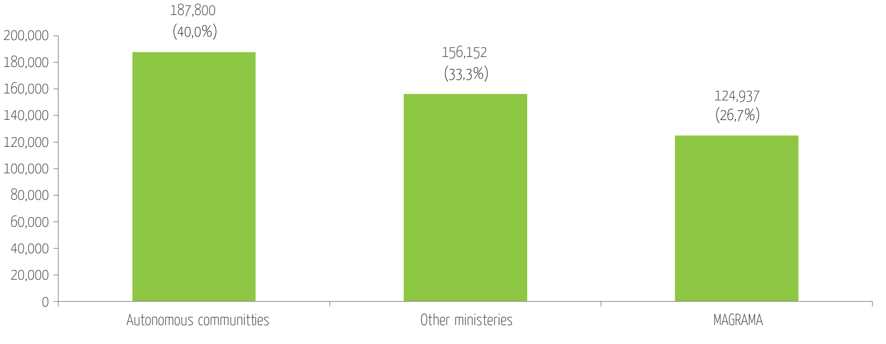
At state level, in July 2012 the Council of Ministers approved a Proposed Law on Transparency, Access to Public Information and Good Governance, and sent it to parliament for approval.

All these initiatives recognise the right to access any content or document held by public authorities without the need to declare a specific interest, and are broadly inspired by the rights of access to environmental information, especially in respect of the initiatives' wider goals, the concept of the public and those parties obliged to deliver information.

The rise of social networks should also be highlighted as mechanisms allowing the exchange of environmental information between administrations and citizens in 2012. There are two tangible manifestations of this: firstly, an evermore widespread presence of environmental authorities in traditional social networks (Twitter, Facebook, YouTube etc.), and secondly, the start-up of information exchange networks specialising in the environment, for instance the Chil platform or *biodiversia.es*.

Regarding the number of applications for environmental information received, according to the data obtained from the various organisms with competences in environmental matters, 468,889 applications were attended to in 2011, compared with 534,010 in 2010; 40.05% of the 2011 applications (187,800, with no data from Cantabria and Melilla) were submitted to the autonomic administrations, with the remainder, 59.95% (281,089 applications), submitted to the state administration. Of the applications submitted to the state administration 55.55% (156,152 applications, 33.30% of the overall total) were attended to by the Ministry of Agriculture, Food and Environment, with 44.45% (124,937 applications, 26.65% of the overall total) going to other ministries.

Requests for environmental information in ministers, and autonomous goverments.
Year 2011 (total: 468,889)



Source: Office for Environmental Information. MAGRAMA

Another significant piece of data, relating to the active dissemination of information, is the number of pages viewed on the MAGRAMA website between May and December 2011, which registered more than two and a half million pages views, with a monthly average of 324,403, according to data in the Ministry's annual report.

Finally, it is interesting to note the perception citizens have regarding the degree of information they have on the environment. According to the data registered by Euro barometer EBE 2005/2008/2011, a majority of Spaniards consider that they are badly informed (53%), with this negative perception having increased in respect of previous years; however, it is important to note that the percentage varies directly in relation to the level of education of the interviewees, with 70% of the population that considers themselves well informed having higher levels of education.

1.3 TOWARDS THE ESTABLISHMENT OF A EUROPEAN EARTH OBSERVATION PROGRAMME: *COPERNICUS* PROGRAMME

Copernicus (previously known as GMES, Global Monitoring for Environment and Security), is the European Program for the establishment of a European capacity for Earth Observation. Its main objective is to understand the state of the environment, in order to protect it and guarantee citizens' security. *Copernicus* is a joint initiative of the European Commission and the European Space Agency. The launch of *Copernicus* is possible thanks to several research projects financed by the Seventh Framework Programme FP7, while the development of the observation infrastructure is performed under the aegis of the European Space Agency, the European Environment Agency and the Member States. The sustainability of the *Copernicus* operational services will be carried out through public European financing, intergovernmental organisms and the Member States, and they will be considered to be 'public goods', accessible to any organisation or citizen.

In practice, the *Copernicus* programme consists of a complex set of systems that collect data from multiple sources: earth observation satellites and 'in situ' sensors (such as ground stations, airborne and sea-borne sensors). *Copernicus* has six thematic areas: land, marine, atmosphere, climate change, emergency management and security. These areas are developed as land monitoring and marine and atmosphere monitoring to directly contribute to the assessment of climate change and to mitigation and adaptation policies.