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Summary

Madrid accuses London of insufficient fighting against smuggling in Gibraltar. The Attorney General denounces inadequate anti-corruption laws. Economy grows at the fastest pace in six years, but unemployment rate inches up. Spain's population continues to fall. BBVA is 'considering pulling out' of Portugal.

Foreign Policy

Madrid accuses London of insufficient fighting against smuggling in Gibraltar
The Spanish government accused the UK authorities of not adopting the measures set out in a report by the European Commission last November to combat smuggling in the overseas territory of Gibraltar, long claimed by Spain.

The report was issued after Spain imposed stringent controls at the border leading to queues at times on either side of up to several hours. The controls followed the dumping by Gibraltar last July of 70 concrete blocks in contested waters in order to create an artificial reef and regenerate fish stocks. The checks are a crackdown on tobacco smuggling, which is rife as prices are much lower in Gibraltar.

Brussels said both sides should take measures to ease the flow of cars and people. It called on Spain to increase the number of crossing lanes (something long sought by Gibraltar) and to improve the 'risk-profiling' of its checks in order to reduce the large number of its random controls, and asked London for better safeguards against tobacco smuggling. Both sides were asked to share intelligence in smuggling, something that Madrid is loath to do, as it is reluctant to formally co-operate with the territory.

The Spanish Foreign Ministry said 'cooperation from the local Gibraltarian authorities, far from improving, seems to have taken a step backwards' and that 971,463 packets of cigarettes were seized in 2013, up from 636,499 in 2012. It said exports of cigarettes to Gibraltar exceeded 110 million packets in 2013, which was 'out of line with the small population (around 30,000) and market demand'.

The Ministry said it was carrying out the report's recommendations, and changes were being made to improve the management of traffic and pedestrians. Controls would continue to be 'intensified as required'.

The British Foreign & Commonwealth Office did not issue a statement in response to Madrid's, which came a day after UK Europe Minister David Lidington denounced continued delays at the border and urged Spain to act on the Commission's recommendations. A senior UK diplomat said the government of Gibraltar had put into place the recommendations weeks ago.

Foreign Minister promotes Spain's candidacy for a UN Security Council seat
Spanish Foreign Minister José Manuel García-Margallo travelled to New York in a bid to boost Madrid's candidacy for one of the rotating seats on the UN Security Council.

Spain is competing for a non-permanent seat in the same group as Turkey and New Zealand for 2014-16, and the vote in October is expected to be tight. The votes of African countries are being particularly assiduously courted. García-Margallo said Africa has become 'one of the principal beneficiaries of development aid from Spain'.

The Security Council is made up of 15 members, five of them permanent with the right of veto –France, the UK, China, Russia and the US– and 10 non-permanent members, elected by the General Assembly for two-year terms.

Domestic Scene

Attorney General denounces inadequate anti-corruption laws
Eduardo Torres-Dulce, the Attorney General, lambasted the government's anti-corruption reforms, the 'precariousness' of legal measures and the lack of sufficient resources and personnel to pursue investigations.

According to the governing body of the judiciary, there were 1,661 corruption cases under investigation in 2013 and 500 people charged (20 of them imprisoned). They range from the salting away in a Swiss bank account of €48 million by Luis Bárcenas, a former senator and national treasurer of the Popular Party (PP), to the fraudulent use of millions of euros of public funds for severance costs to help companies slim down in the socialists' fiefdom of Andalusia and the probe into the business activities of Iñaki Urdangarín, the son-in-law of King Juan Carlos.

Bárcenas has been in prison since last June, awaiting trial on charges of tax evasion and receiving some of the funds from kickbacks and illegal party donations, while in Andalusia the Seville Court confirmed this month the charging of Magdalena Álvarez, a former economy minister in the region (1994-2004) and the current vice-president of the European Investment Bank, over the severance payments scandal. She lost her appeal against the charges. A judge embargoed her six properties and five bank accounts including one in Luxembourg in order to guarantee the posting of the €29.5 million civil liability bond imposed on her.

In another ongoing case, the Civil Guard arrested nine people this month for alleged irregularities in the construction of the high-speed AVE train linking Madrid and Barcelona that led to improper billing of about €6 million. The line was opened in 2008.

The Court of Auditors, which examines public sector accounts, said it had detected cost overruns and unjustified payments. The cost of the 621km track was €8.96 billion, 31% above the amount at which the project was awarded. A Barcelona court has opened an investigation into embezzlement of public funds.

Cost overruns are a regular feature of Spain's public works. They amounted to around €10 billion between 2008 and January 2014. Buying and converting the main post office in Madrid into the city's palatial town hall cost €500 million. The reforms cost €140 million, 75% more than budgeted for.

Last December the government adopted two bills on supervision of party funding and accountability of high-ranking officials, as well as a report on plans for criminal law and criminal procedure law that would strengthen the fight against corruption. Measures to modernise public administration are also under way, including a draft law on local administration reform that aims to enhance control and improve coordination between the national, regional and local administrations.¹

Torres-Dulce said some of the sentences handed down in corruption trials were 'not in accordance with the seriousness that citizens demand', the justice system moved at an 'exasperatingly slow' pace and there was an 'incomprehensible lapsing of offences under the statute of limitations'.

The so-called Gürtel case in which 150 have been charged for alleged bribery, money laundering and tax evasion has been under investigation for five years and no one has yet come to trial. It took 10 years for Carlos Fabra, the long time PP boss in the province of Castellón, to come to trial on charges of embezzlement, tax fraud and trafficking of influences. He appealed last November against his sentence of four years in jail, a case that has yet to be heard. The anti-corruption unit also appealed, as he was absolved of embezzlement and influence peddling.

Torres-Dulce also criticised 'acquittals difficult to understand and with no recovery of money', 'pardons [granted by the government] to corrupt people' and 'black holes in the execution of sentences'.

¹ See the February 2014 report by the European Commission at http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/organized-crime-and-human-trafficking/corruption/anti-corruption-report/docs/2014_acr_spain_chapter_en.pdf.

Spain dropped six points and 10 places to 40th position out of 177 countries in the latest survey of international perceptions of official corruption by the Berlin-based Transparency International. Only Syria lost more points in the survey.

Spain's population continues to fall

The population fell by a further 404,619 people in 2013 to 46.7 million, continuing the decline begun in 2012 (the first one since the regular census started in 1996) and due to foreigners leaving the country mainly because of the economic crisis.

The net decline in the number of foreigners registered in their nearest town hall was 545,980 (-9.8%), while the number of registered Spaniards increased by 141,361 (+0.3%) in net terms.

This system for calculating the population is considered reliable. Foreigners, in particular, have an incentive to register as it entitles them to public health care and education, although not everyone does so. Failure to register leaves individuals with no legal recourse and no access to state services or aid.

The foreigners' share of the total population (excluding naturalised Spaniards) dropped from 11.7% in 2012 to 10.7% (see Figure 1). Including naturalised Spaniards, the foreign-born population's share is higher.

Figure 1. Spain's population and foreigners' share, 2005-14

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 (1)
Population (mn)	44.1	44.7	45.2	46.1	46.7	47.0	47.2	47.3	47.1	46.7
Foreigners' share (%)	8.5	9.3	10.0	11.4	12.1	12.2	12.2	12.1	11.7	10.7

(1) Provisional figures.

Note: the figures at 1 January of each year are based on those registered with local town halls and are rounded to the nearest decimal point.

Source: INE (National Statistics Office).

The only country among the top 20 nationalities in Spain whose number of citizens did not fall was China (+3,549 to 185,250). For the first time the Chinese in Spain have surpassed the Germans in number. The country that recorded the largest decline (see Figure 2) was the UK (-87,880), followed by Rumania (-74,745). Of the total 5 million foreigners, 2.9 million are from non-EU countries.

Figure 2. Foreign population by the top-10 countries of origin, 2013 and 2014 and % of total population for 2014

	1 January 2014 (1)	1 January 2013	% of total
Rumania	795,513	870,258	15.9
Morocco	771,427	792,158	15.4
UK	297,299	385,179	5.9
Ecuador	218,189	263,498	4.4
China	185,250	181,701	3.7
Colombia	181,125	222,542	3.6
Italy	180,643	192,431	3.6
Bulgaria	151,128	168,997	3.0
Bolivia	149,949	173,702	3.0
Germany	138,917	181,900	2.8
Other countries	2,111,443	2,113,872	38.7
Total	5,000,258	5,546,238	100.0

(1) Provisional figures.
Source: INE.

The size of foreign communities by region varies considerably (see Figure 3). Catalonia continued to have the largest one in absolute terms (1.08 million and 14.5% of its population), while Cantabria has only 34,723 (5.9% of its population). Valencia has the largest relative share –almost 15% of its population are foreigners, down from close to 17% in 2012–.

Figure 3. Foreign population by Spain's regions, 2014 (% of total)

Region	Number at 1 January 2014 (1)	% of region's population
Andalusia	657,815	7.8
Aragón	148,922	11.2
Asturias	45,010	4.2
Balearic Islands	202,123	18.3
Basque Country	140,917	6.4
Canary Islands	266,241	12.7
Cantabria	34,723	5.9
Castilla y León	146,045	5.9
Castilla-La Mancha	195,352	9.4
Catalonia	1,085,976	14.5
Extremadura	37,437	3.4
Galicia	97,863	3.6
La Rioja	39,884	12.5
Madrid	876,493	13.6
Murcia	215,337	14.7
Navarre	59,363	9.3
Valencia	732,525	14.7

(1) Provisional figures.
Source: INE.

The average age of foreigners is much lower than that of Spaniards (34.9 years vs 43 years). Of the total population aged between 16 and 44, 58.4% is foreign compared with 37.1% who are Spaniards. At the other end of the age spectrum, only 6% of those over the age of 65 are foreign compared with 19.5% of Spaniards.

Spain's hard hit young adults desire change not revolution

Spain's young adults have borne the brunt of the country's crisis, exemplified by an official unemployment rate of 57% for the under-25s, but they are not pressing for an economic or political revolution.

A wide-ranging survey by Metroscopia published in *El País*, the leading daily newspaper, shows them to be disenchanted with the way the political system and the economy function, but they believe in democracy. Of the total respondents, 30% classified themselves as liberal or centrist, more than the 25% of those over the age of 35 (see Figure 4).

Figure 4. With which of the following political tags do you identify with most or feel closest to?

	Total	18-34 year olds	Over 35
Radical right wing	1	–	1
Conservative	10	6	11
Liberal	14	17	12
Christian Democrat	7	4	8
Centrist	13	13	13
Social democrat	12	12	12
Socialist	16	16	15
Anarchist	1	1	1
Radical left wing	1	–	1
None of these	22	26	20

Source: Metroscopia.

One-third (34%) said they wanted to keep the current system of autonomous regions (29% those over 35) and 13% were in favour of allowing a region to break away and become independent, higher than the 9% for the rest of the adult population (see Figure 5).

Figure 5. Which of the following forms of organising the Spanish state do you prefer?

	Total	18-34 year olds	Over 35
A state with a central government and no autonomous regions	23	16	26
A state with autonomous regions like now	29	34	27
A state with autonomous regions, and with more powers than now	13	18	11
A federal state in which the autonomous regions are states but to continue to form part of Spain	18	16	19
A state which allows the autonomous regions to become independent states	10	13	9

Source: Metroscopia.

Reflecting the whopping jobless rate and increasing migration, three-quarters of felt Spain did not offer good future prospects, substantially higher than the 64% of those over the age of 35 (see Figure 6). For the first time in many years, Spain has a generation that will not live as well as their parents.

Figure 6. How would you describe Spain today?

	18-34 year olds		Over 35		Total	
	Yes	No	Yes	No	Yes	No
Innovative and stimulating creativity	21	78	28	69	26	71
With good prospects for the future	23	76	33	64	30	67
Concerned about the future of new generations	17	83	25	73	23	75
Clear ideas on its place in the world	28	70	36	59	34	62

Source: Metroscopia.

Only 10% said they were practising Roman Catholics, less than half the proportion of those over 35, and 39% said they were atheist or agnostic, more than double the proportion of older adults. As regards abortion, which the government intends to curtail by ending women’s right to have it on demand (approved in 2010), 72% said they wanted to keep the present system. Only 6% supported the reform which would allow abortion only in the case of rape or when there was a risk to the women’s mental or physical health. The respective figures for those over the age of 35 are 56% and 10%.

Although there is growing support for a restoration of a republic (the last one was abolished when General Franco won the civil war in 1939), 64% said the monarchy (re-established in 1975) was firmly consolidated under King Juan Carlos and the Crown would pass to Prince Felipe normally.

Education system ranked 29th out of 40 countries

Spain is in 29th place in a global education league table, which is topped by South Korea. Three other Asian countries and Finland make up the top five (see Figure 7).

Figure 7. Index of cognitive skills and education attainment, ranking of selected countries (1)

Rank	Rank
1. South Korea (2)	14. US (11)
5. Finland (5)	23. France (18)
6. UK (8)	25. Italy (24)
10. Poland (16)	29. Spain (28)
12. Germany (12)	40. Indonesia (37)

(1) Out of 40 countries. Ranking in 2012 in brackets.
Source: Pearson/Economist Intelligence Unit.

The [rankings](#), compiled for Pearson by the Economist Intelligence Unit, are based upon an amalgamation of international tests and education data, including the OECD’s Pisa tests, and two major US-based studies, Trends in International Mathematics and Science Study (Timss) and Progress in International Reading Literacy Study (Pirls). They also include higher-education graduation rates.

Seven young Spanish universities among the world’s top 100

Spain has seven young universities (those created less than 50 years ago) in the world’s top 100, the fourth largest number after the UK, Australia and the US, according to the latest ranking by *Times Higher Education* (THE).

Pompeu Fabra in Barcelona is ranked 14th (see Figure 8) and is also the best classified in the THE’s general ranking of universities in 164th position. The first ranked Spanish university in the other main ranking (conducted by the University of Shanghai) is the Autónoma in Barcelona in 200th place.

Figure 8. Ranking of Young Spanish universities in the top 100

Rank	University and score
14.	Pompeu Fabra (51.2)
23.	Autónoma Barcelona (44.9)
58.	Autónoma Madrid (37.1)
66.	Rovira I Virgili (36.2)
76.	Vigo (34.2)
77.	Polytechnic Valencia (33.9)
95.	Polytechnic Catalonia (30.4)

Source: Times Higher Education.

Spain ranked third in equality for lesbian, gay, bisexual, trans and intersex people in Europe

Spain is classified third out of 49 countries in equality for lesbian, gay, bisexual, trans and intersex (LGBTI) people in Europe, reflecting the advances in favour of LBGTI people in recent years, according to ILGA Europe (see Figure 9).

The index is based on six categories: equality and non-discrimination, family, bias motivated speech/violence, legal gender recognition, freedom of assembly, association and expression, and asylum.

Figure 9. Ranking in equality for lesbian, gay, bisexual, trans and intersex people in Europe

	Score out of 100
1. UK	82
2. Belgium	78
3. Spain	73
4. Netherlands	70
5. Norway	68
6. Portugal	67
7= France	64
7= Iceland	64
9. Denmark	60
10. Malta	57

Source: ILGA.

The Economy

Economy grows at fastest pace in six years, but unemployment rate inches up

The economy grew by 0.4% in the first three months of 2014, the fastest quarterly rise in the last six years, but the unemployment rate, based on a quarterly survey of households, edged up to 25.9% (5.9 million people) at the end of March from a revised 25.7% at the end of 2013. The jobless rate for foreigners was 37% compared with 24% for Spaniards.

The government upgraded its GDP growth forecast for this year to 1.2% and 1.8% in 2015, up from 0.7% and 1.2%, respectively, after shrinking 1.2% last year. The European Commission followed suit, with forecasts of 1.1% and 2.1%, respectively.

Growth in the first quarter was more balanced as it came from a modest recovery in domestic demand, fuelled by a rise in household spending, and not just from the continued boom in exports which could tail off this year.

Exports grew 3.2% year-on-year in the first quarter to €58.4 billion compared with a 7% rise in imports to €64.9 billion. The trade deficit remained low at €6.6 billion, but was 60% above that in the same period of 2013.

But the stronger GDP growth is not yet denting unemployment, though the destruction of jobs (184,600 in the first quarter, the smallest decline in a first quarter since 2008) looks as if it is finally bottoming out. The first quarter, moreover, is traditionally a bad one for job creation, including before the crisis.

The total number of jobholders stood at 16.96 million, the lowest figure since 2002, according to the National Statistics Institute (INE). The labour force dropped by 187,000 people in the first quarter to 22.88 million, as the long-term unemployed, immigrants and people over 60 stopped seeking work. Only 1.9 million of the 5.9 million jobless are receiving unemployment benefits, according to a study by the May 1 Foundation. The Employment Ministry puts this number at 2.6 million.

While the figures provided by the broader measure of unemployment were disappointing, the number of registered unemployed (based on those recorded in the government's employment offices and released each month) fell by 111,565 in April to 4.7 million, the largest fall for that month since existing records began in 2011 and 1.2 million fewer than the stated figure. More than half the rise in social security affiliation in April of 133,765 was due to the hotel and catering trade (69,725). Tourism is shaping up for another record year (the government forecasts 63.6 million visitors, up 5%).

The higher stated figure for the unemployed includes people who say they want to work but who are not registered as jobless because they do not think it worthwhile, they are not really interested in working or wish to avoid controls as they are working in the black economy.

Stated unemployment rates varied considerably by region (see Figure 10), with Andalusia's the highest (34.9%) and Navarre's the lowest (17.1%).

Figure 10. Stated unemployment rates by region (%), March 2014

	%
Andalusia	34.9
Aragón	22.8
Asturias	22.7
Balearic Islands	26.7
Basque Country	17.3
Canary Islands	32.5
Cantabria	20.9
Castilla y León	22.2
Castilla-La Mancha	30.3
Catalonia	22.1
Extremadura	32.1
Galicia	23.2
La Rioja	19.5
Madrid	20.4
Murcia	27.7
Navarre	17.1
Valencia	28.0
Spain	25.9

Source: INE.

In a jobs related scandal, the regional government of Andalusia estimated the fraudulent use of public funds for training courses at €1 million.

Spain's recession has wrought structural changes in employment. The share of total workers on temporary contracts dropped from 34.1% in 2006 to 23.4% last year, while those with part time jobs increased from 12.6% to 15.9% (see Figures 11 and 12). Temporary workers were the first to lose their jobs as of 2008, particularly in the construction and property sectors, while more people are taking on part time jobs to make ends meet.

Figure 11. Temporary employees as percentage of total employees, 2006 and 2013

	2013	2006
Poland	26.8	27.3
Spain	23.4	34.1
France	16.4	14.8
EU-28	13.8	14.5
Germany	13.5	14.6
Italy	13.2	13.1
UK	6.1	5.7

Source: Eurostat.

Figure 12. Part time employment as percentage of total employment, 2009 and 2013

	2013	2009
Netherlands	50.0	47.7
Germany	26.2	25.3
UK	25.5	25.0
EU-28	19.5	18.1
France	18.1	17.2
Italy	17.7	14.1
Spain	15.9	12.6

Source: Eurostat.

The government announced that around 600,000 jobs would be created in 2014 and 2015, but this would not make up for the roughly 1 million jobs lost between now and when the Popular Party returned to power at the end of 2011.

The jobs forecast is contained in the new stability programme for 2014-2017 sent to the European Commission (see Figure 13). The European Commission's forecasts for 2014-2015 are similar to the government's (see Figure 14).

Figure 13. Spanish government's economic forecasts, 2014-17

	2014	2015	2016	2017
GDP growth (%)	1.2	1.8	2.3	3.0
Jobless rate (%)	24.9	23.3	21.7	19.8
Employment growth (%)	0.6	1.2	1.5	2.3
Private consumption (%)	1.4	1.8	2.3	2.8
Budget deficit (% GDP)	5.5	4.2	2.8	1.1
Public debt (% of GDP)	99.5	101.7	101.5	98.5

Source: Economy and Competitiveness Ministry.

Figure 14. European Commission's forecasts for Spain and the euro zone, 2014-15

	2014	2015
Spain GDP growth (%)	1.1	2.1
Euro zone	1.2	1.7
Spain Unemployment rate (%)	25.5	24.0
Euro zone	11.8	11.4
Spain Budget deficit (% of GDP)	5.6	6.1
Euro zone	2.6	2.5
Spain Public debt (% of GDP)	100.2	103.8
Euro zone	89.5	89.2

Source: European Commission.

The growth in state pension payments will be limited to 0.25% a year between 2014 and 2017, which means a fall in real terms. The social security once buoyant accounts have been severely eroded by the crisis.

Government to create massive database to combat money laundering and terrorism funding

The government is to establish a huge database to monitor everyone's banking activities in Spain, in a stepped up fight against money laundering and the funding of terrorism.

Banks will have the legal obligation to provide information on all customers' accounts. The database will be available to prosecutors, police officers, intelligence agents and tax inspectors under certain conditions.

The database is in line with the recommendations of the Financial Action Task Force, to which Spain and 35 other countries belong. France and Germany are so far the only countries to have adopted the system.

The branches of Spanish banks in other countries will, however, not be subject to this system, and nor will non-Spanish banks that have business in tax havens.

Share of income of top earners in Spain grows much less than that of most other OECD countries

The income of the top 1% of earners in Spain rose from 7.5% of total pre-tax income to 8.2% in 2010, far less than that in the US, the UK and, surprisingly, Finland which has a history of a more equal income distribution, according to a new [report](#) by the OECD, the Paris-based think tank (see Figure 15).

Figure 15. Shares of top 1% incomes in total pre-tax income, 1981-2012 (or closest)

Country and year	2012	1981
US (2012)	19.3	8.2
UK (2011)	12.9	6.7
Germany (1998)	12.7	10.7
Italy (2009)	9.4	6.9
Spain (2010)	8.2	7.5
France (2009)	8.1	7.6
Finland (2009)	7.5	4.3
Netherlands (2012)	6.3	5.9

Source: Focus on Top Incomes and Taxation in OECD Countries, OECD.

Income inequality has become a hot topic, exemplified by the extraordinary success of the recent book *Capital in the Twenty-First Century* by the French economist Thomas Piketty.

Tax reforms in almost all OECD countries over the past 30 years have substantially cut top personal income tax rates, with the average rate falling from 66% in 1981 to 43% in 2013. This reduction has been closely associated with rising top income shares. Other taxes which play a role for top incomes were also lowered: the average statutory corporate income tax rate declined from 47% to 25% and taxes on dividend income for distributions of domestic source profits fell from 75% to 42%.

Spain's tax path has been different: a proper system did not come into force until after the death of General Franco in 1975. The number of taxpayers has increased from below 2 million in 1977 to around 19.5 million.

From 1975 up to the crisis, the top percentile managed to 'capture' a very large fraction of the growth in pre-tax incomes: around 47% of total growth went to the top 1% in the US, 37% in Canada and above 20% in Australia and the UK. By contrast, in Nordic countries, but also in France, Italy, Portugal and Spain it was the bottom 99% of the population that benefited more (see Figure 16).

Figure 16. Share of income growth going to income groups from 1975-2007

	Top 1%	Top 10%	Bottom 90%
US	46.9	35.0	18.1
Canada	37.3	28.7	34.0
UK	24.3	29.6	46.1
Italy	11.5	21.9	66.6
France	11.4	20.2	68.4
Spain	10.1	20.1	69.8
Denmark	2.5	7.7	89.8

Source: Focus on Top Incomes and Taxation in OECD Countries, OECD.

Spain's position in the world economy

Spain generated just over 2% of global GDP based on exchange rates and 1.6% in purchasing power parity (PPP²) terms in 2011, the latest comparative benchmark year, according to new data published by the International Comparison Programme (see Figure 17).

Figure 17. Share of world GDP in %

	Based on exchange rates (%)	Based on PPPs (%)
France	4.0	2.6
Germany	5.2	3.7
Italy	3.1	2.3
Spain	2.1	1.6
UK	3.5	2.4
US	22.1	17.1
China	10.4	14.9

Source: International Comparison Programme, OECD.

² PPPs are the relevant currency conversion rates to make international comparisons of economic activity. Unlike exchange rates, they correct for differences in price levels across countries.

Corporate Scene

BBVA 'considering pulling out' of Portugal

BBVA, Spain's second-largest bank, is reportedly considering the sale of its loss-making unit in Portugal which it acquired from Lloyds Bank in 1991. The bank has 83 branches in the country.

The move, not confirmed or denied by BBVA, follows Barclays' announcement that it wants to sell its unit in Spain.

BBVA posted a total net profit of €2.23 billion in 2013 (+32.9%) and €624 million in the first quarter of 2014 (-64% year-on-year).

Técnicas Reunidas wins US\$1.7 billion contract in Saudi Arabia

Energy contractor Técnicas Reunidas was awarded a US\$1.7 billion contract by the state-owned oil company Saudi Aramco to build a large power complex in Saudi Arabia's south-western Jazan Province. When operational in 2017 it will be the world's largest gasifier-based facility.