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Summary

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Foreign Policy

Parliament set to vote on recognising a Palestinian state
The Spanish parliament was to vote on 18 November, as we went to press, in favour of a resolution to recognise a Palestinian state. The non-binding, largely symbolic resolution, presented by the Socialist opposition party, was supported by the ruling Popular Party.

The move followed similar ones in other European countries, including the UK last month, intended to increase pressure for a two-state solution to the Israeli-Palestinian Arab conflict.

The Palestinian Authority estimates that 134 countries have now recognized Palestine as a state, although the number is disputed as several of the recognitions by what are now EU member states date back to the Soviet era.

García-Margallo to visit Cuba to push EU cooperation
José Manuel García-Margallo, Spain's Foreign Minister, said he hopes to visit Cuba before the end of the year as part of the drive by EU countries to increase trade and investment and dialogue on human rights.

The visit would be the first to the former Spanish colony by a Spanish Foreign Minister since July 2010 by the socialist Miguel Ángel Moratinos, who helped broker an agreement for the release of a large group of political prisoners.

EU countries agreed earlier this year to upgrade relations with Cuba and give momentum to the country's timid market-oriented reforms under President Raul Castro who succeeded his brother Fidel in 2008 when he became ill.

The previous Socialist government of José Luis Rodríguez Zapatero was at the forefront of fully lifting sanctions on Cuba in 2008, which were imposed in 2003 in response to Havana's arrest of 75 dissidents. They included a freeze on visits by high-level officials.

Since 1996, EU policy toward Cuba has been guided by the so-called Common Position, which rules out full relations with Havana until it makes reforms in areas such as more diverse political participation and freedom of expression.

This policy was introduced by the then Spanish Prime Minister, José María Aznar, and has not been effective.

Domestic Scene

Standoff between Catalonia and Madrid remains after mock referendum on independence

The Catalan government and the central government in Madrid were no nearer resolving the long-running dispute over the issue of independence after 1.8 million Catalans (out of 6.3 million who were eligible) voted in a mock referendum in favour of creating a separate country out of Spain's most dynamic region (see Figure 1).

Figure 1. Importance of Catalonia in Spain

Population:	7.5 million (16% of the total)
GDP:	19%, making it Spain's economic powerhouse
Manufacturing:	Around one quarter of the total
Exports:	Close to 25% of the total
Tourism:	The region attracts the largest number

Source: Government of Catalonia.

The unofficial poll came after the Constitutional Court twice banned an attempt by Artur Mas, the region's Prime Minister, to hold an official, if non-binding, vote.

Supporters of independence hailed the turnout of 37% as a victory and opponents said it was a failure. Voter turnout in the 2012 election in Catalonia was 69.6% and in the 2006 referendum on a new statute of autonomy 49.4%. Of the 2.3 million votes cast on 9 November, more than 80% were in favour of independence (29% of the total possible votes). The majority of anti-independence voters stayed at home. Volunteers and not Catalan government officials manned polling booths.

Prime Minister Mariano Rajoy called the vote 'political propaganda' and gave no sign that he would move an inch and allow a legal referendum or reform the constitution to accommodate Catalan grievances. 'We have witnessed a profound failure of the independence process', he said, adding: 'I won't hold a dialogue about national sovereignty'.

Eduardo Torres-Dulce, the state prosecutor-general, announced he would bring unspecified criminal charges against Mas for organizing the vote. The chief public prosecutor in Catalonia, José María Romero de Tejada, refused to move against Mas, although he had stated openly and clearly on the day that if Madrid was looking for the person in charge of the organisation of the event, it was him.

Arresting Mas, a possibility, ran the risk of making him a martyr. By pushing ahead with the mock referendum, and not giving in to Madrid, Mas enhanced his position in a separatist movement that he was losing control of to the more radical and traditionally pro-independent Republican Left of Catalonia (ERC) party.

Given that Rajoy will not allow a formal referendum, and support for pro-independence parties is growing (see Figure 2), a possible option for Mas is to call a snap election as a form of plebiscitary vote on independence.

The problem here is that this could split his Convergence and Union (CiU) coalition, which has ruled the region for 27 of the past 34 years, as it is not fully behind independence. The more moderate junior partner Catalan Democratic Union, which is in favour of a 'third way' consisting of greater autonomy negotiated with Madrid, could break away from the CiU.

Figure 2. Support for pro-independence parties in Catalan elections (million)

1980	1984	1988	1992	1995	1999	2003	2006	2010	2012	2014 (1)
1.1	1.5	1.3	1.4	1.6	1.4	1.5	1.3	1.5	1.7	1.8

(1) Number of people that voted for independence in the 9 November informal consultation.
Source: *La Vanguardia*.

All opinion polls show ERC, which is the prime mover at street level behind the independence movement, winning an election. As a result, it is reluctant to form a single list with Mas. Oriol Junqueras, ERC's leader, threatens a unilateral declaration of independence.

Pedro Sánchez, the Socialist leader, reiterated his call for a reform of the 1978 Constitution, but did not spell out anything. Rajoy is prepared to do this provided there is prior agreement among the main political parties. Reforming the asymmetric architecture of Spain's system of 17 autonomous communities, however, runs the risk of opening a Pandora's Box of competing demands.

Opinion polls give no clear victory to the pro- or anti-independence camp if a legal vote was held.

Dozens arrested in €250 million corruption case, left-wing Podemos surges to lead polls

Corruption scandals intensified, with the arrest of 51 people including six mayors as part of a graft probe into kick-backs given to politicians by the private sector in return for awarding local government construction contracts worth €250 million.

'Operation Punica', centered on town halls in the regions of Madrid, Murcia, León and Valencia , is the latest investigation in a wave of corruption scandals that have hit the ruling Popular Party (PP) and to a lesser extent the Socialists in recent months.

‘The collusion between local counsellors and civil servants, with builders and energy service companies, and the corruption of middle-men and key companies, has helped them to secure contracts worth around €250 million in the last two years alone’, the anti-corruption prosecutor said in a statement.

The investigation came hard on the heels of the probe into opaque credit cards used by 86 bankers, politicians and trade-union officials at Caja Madrid between 2003 and 2012. Caja Madrid is the core element that formed Bankia with six other regional savings banks in 2010 and was nationalised in 2012 after its near collapse forced the government to seek a EU-funded bailout. Bankia absorbed more than €22 billion in aid.

Among those arrested and imprisoned in ‘Operation Púnica’ was Francisco Granados, a former PP Deputy Prime Minister of the Madrid region who resigned in February after it was revealed he had millions of euros in a Swiss bank account.

Prime Minister Mariano Rajoy took the unusual step of apologising to ‘all Spaniards’ for his party’s involvement in the latest scandal, which has seen the PP take a nose-dive in polls and a surge in support for the radical and populist Podemos.

Its leader, Pablo Iglesias, called for a ‘constitutional process to open the padlock of 78’, in reference to the 1978 Constitution, which consolidated Spain’s democracy three years after the death of the dictator Francisco Franco and is blamed by Podemos for some of today’s problems.

According to a survey by Metroscopia, Podemos would win elections if held today (see Figure 3). Another poll, conducted by the government-funded CIS before Operation Púnica, gave victory to the PP, but also showed the rise of Podemos (see Figure 4).

Figure 3. Voting intentions (% of valid votes)

	2011 general election	August 2014	October 2014	November 2014
Podemos	–	10.7	13.8	27.7
Socialists	28.7	31.7	30.9	26.2
Popular Party	44.6	32.3	30.2	20.7
IU/ICV (1)	6.9	4.9	5.2	3.8
UPyD (2)	4.7	3.3	3.4	3.4

(1) United Left and Greens.
(2) Union, Progress and Democracy.
Source: Metroscopia, carried out 28-29 October.

Figure 4. Voting intentions (% of valid votes)

	July 2014	October 2014
Popular Party	30.0	27.5
Socialists	21.2	23.9
Podemos	15.3	22.5
IU/ICV (1)	8.2	4.8
UPyD (2)	5.9	4.1

(1) United Left and Greens.
(2) Union, Progress and Democracy.
Source: CIS, carried out 1-13 October 2014.

The main political parties, under public pressure to 'regenerate' democracy and end what is perceived as endemic corruption, have so far achieved little other than agreement to incorporate the illegal financing of parties into the penal code. At the heart of the corruption problem is the colonisation by the main political parties of state institutions, the lack of an effective system of checks and balances and the politicisation of the judiciary.

Felipe González, the Socialist prime minister (1982-96), called for the crime of unjustified or illicit enrichment to be incorporated into the penal code.

Spain's first Transparency Law will come into effect at the state level by the end of the year, but not at the regional or municipal levels –where most of the corruption takes place– until a year later. The Spanish chapter of the Berlin-based Transparency International, responsible for the annual corruption perception index (Spain dropped 10 places in the latest one), has severely criticised the new law for being far too restrictive.

Rajoy, in an attempt to seize the initiative and quell the tangible public anger, promised further anti-corruption measures including a speeding up of procedures by the glacial and politicised justice system.

Parliamentary debate on the corruption scandals has consisted of little more than the trading of accusations and insults in what Spaniards call '*y tú más*'. When the Socialists tried to make political capital out of the PP's woes, Rajoy reminded them that 125 people are under indictment in their fiefdom of Andalucía in a scandal involving the siphoning of millions of euros of public money set aside for state-sponsored redundancy schemes.

In a separate development, Juan Cotino, the former PP President of the Valencian parliament and a former Deputy Prime Minister of the region, was indicted in the Gürtel case on embezzlement and other charges.

Lastly, a court upheld tax fraud charges against the *Infanta* Cristina, the sister of King Felipe VI, but dropped money-laundering charges. The case relates to the business dealings of her husband, Iñaki Urdangarín.

Judges have been investigating allegations that Urdangarín embezzled millions in public funds with a former business partner and that the *Infanta* had knowingly benefited from the dealings. This case was one factor that prompted the abdication of King Juan Carlos in June.

Deaths will exceed births in 2015 for the first time since the Civil War

More people will die next year than be born, for the first time in close to 80 years, according to the latest demographic projections made by the National Statistics Office (INE).

The turnaround underscores the major changes in the structure of Spain's population, with a very low birth rate and an increasingly ageing population. Spain has the highest healthy life expectancy in Europe –and beats Australia, Canada, Norway and the US as well–.

The proportion of the population over the age of 65 is forecast to rise from 18.2% to 24.9% in 2029 and 38.7% in 2064.

The population has already begun to fall, but mainly because of unemployed immigrants returning home, particularly Latin Americans. INE estimates the population will decline by 1 million over the next 15 years –having risen by 2.7 million since 2005, mainly as a result of immigrants–.

The unknown quantity is whether emigration to Spain will pick up when the economy grows strongly again.

The Economy

Banks pass the ECB's assessment with flying colours
Spanish banks sailed through the latest EU-wide health check, signalling they do not need any more capital. This follows several years of tough adjustments as a result of the near collapse of the financial system in 2012 that triggered a €41 billion EU bail-out (exited in January).

Spanish banks were excessively exposed to toxic real-estate assets following the bursting of a massive property bubble in 2008. After the bubble burst and Spain went into recession (GDP shrank by around 7.3% between 2008 and 2013), the loan defaults of property developers and construction firms as a percentage of total bank lending to these two sectors surged from a mere 0.6% in 2007 to more than 25%. The total non-performing loan ratio jumped from 0.7% of lending to a record of 13.6% at the end of 2013, and has since begun to decline.

The European Central Bank (ECB), which became the single supervisor of euro zone's banks as of 4 November, analysed 15 Spanish banks out of a total of 130 (see Figure 5).[1] Liberbank failed, but it has already covered its capital shortfall of €32 million.

[1] See the following reports by the ECB and the EBA: https://www.ecb.europa.eu/pub/pdf/other/aggregatereportonthecomprehensiveassessment201410.en.pdf?d2f05d43d177c25c57e065ebdbf80fe7 and http://storage.eba.europa.eu/documents/10180/851779/2014%20EU-wide%20ST-aggregate%20results.pdf, and also my analysis at http://www.realinstitutoelcano.org/wps/portal/web/rielcano_en/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_in/zonas_in/commentary-chislett-spanish-banks-pass-eu-stress-test-with-flying-colours#.VFJFB_TF_wc.

Figure 5. Results of Spanish banks in the asset quality review: common equity Tier 1 (CET1) capital ratio (%)

	Lowest ratio in the adverse scenario (5.5% minimum) (1)	Lowest ratio in the baseline scenario (8% minimum) (1)	Adjusted for the asset quality review (8% minimum)
Kutxabank	11.82	12.36	12.03
Bankinter	10.80	11.63	11.67
BFA-Bankia	10.30	12.33	10.60
La Caixa	9.25	10.79	10.24
NCG Banco	9.14	11.50	10.18
BBVA	8.97	10.24	10.54
Banco Santander	8.95	11.05	10.34
Unicaja	8.89	11.12	10.88
Banco Sabadell	8.33	10.16	10.26
BMN	8.09	10.30	9.01
Catalunya Banc	8.02	11.76	12.21
Cajamar	7.99	10.17	9.95
Ibercaja	7.82	10.31	10.01
Banco Popular	7.56	10.20	10.06
Llberbank	5.62	8.51	7.82

(1) The scenarios cover 2014-16.
Source: European Central Bank.

In an overlapping review, the European Banking Authority released the results of a complementary set of stress tests that showed 24 failures for the whole of the EU, none of them Spanish banks as Liberbank had taken remedial action.

The adverse stress test scenario for Spain, which is most unlikely to occur, assumed a fall in GDP of 0.3% this year, -1% in 2015 and growth of only 0.1% in 2016. The economy is forecast to grow by around 1.3% this year, 2.0% in 2015 and 1.8% in 2016. The yield on the 10-year government bond in this scenario was put at a maximum of 5.7% (the current yield is 2.18%). Less than two years ago, at the height of Spain's crisis when markets were jittery over the country's prospects, the yield peaked at 7.62%. House prices were envisaged falling by a further 9.9%, having already plummeted by more than 38% on average.

The results vindicated the Bank of Spain's handling of the crisis.

The results for the first nine months of Spain's two largest banks, Santander and BBVA, confirmed the healthier situation. Santander, the euro zone's largest bank by market capitalisation, saw a jump of 52% year-on-year in its third quarter net profit to €1.6 billion, bolstered by results from its UK operations. Profit for the first nine months was up 32% at €4.36 billion.

Santander comfortably exceeded the adverse and baseline scenarios. In the baseline scenario, Santander is one of the banks that generates the most capital in the three-year period. In the adverse scenario, Santander is the bank with the least negative impact among the big banks.

BBVA's third quarter net profit trebled to €601 million, but for the first nine months it was down 37% year-on-year to €1.92 billion. Profit in 2013 was swelled by several one-off gains from asset sales.

The Financial Stability Oversight Council confirmed Santander and BBVA in its list of the world's 30 systemically important banks. These banks are, in essence, too big to fail and are required to have higher capital ratios.

Unemployment rate drops to below 24%, lowest level since 2011

The economic upturn, with Spain forecast to register the highest growth among the big euro zone countries next year, pushed the unemployment rate down to 23.7% in the third quarter from 24.5% in the second. The rate is now lower than when the Popular Party took office at the end of 2012.

The number of jobless fell by 195,200 to 5.4 million at the end of September, according to the quarterly labour market survey (see Figure 6). Most of the 274,000 new jobs were in the service sector, particularly tourism which is enjoying another record year (31 million foreign tourists in the first nine months).

Figure 6. Spain's population and labour market (million and % of population)

	Number (million)	% of total population
Total population	46.60	100.00
Over 16	38.52	82.65
Under 16	8.08	17.35
Economically active population	22.93	49.20
Employed	17.50	37.55
Employees	11.49	24.66
Permanent contracts	7.94	17.04
Temporary contracts	3.55	7.62
Self-employed	3.08	6.62
Employees of the state	2.92	6.28
Unemployed	5.42	11.65
Economically inactive population	15.59	33.45
Retired	5.85	12.57
Other pensions	1.76	3.79
Students	2.32	4.98
Permanently incapacitated	1.28	2.76
Household work	3.98	8.54
Other	0.37	0.81

Source: Working Population Survey, third quarter of 2014, INE.

However, Spain's 3.4 million long-term unemployed (more than two years) are not benefiting from the recovery, and their unemployment benefits have run out. Spain had the highest share (20%) in 2013 among OECD countries of unemployed people between the ages of 55 and 64 (see Figure 7). The situation has not improved since then.

Figure 7. Jobless rate of the population between the ages of 55 and 64, 2013 (%)

	%
Spain	**20.0**
France	7.0
Germany	5.8
Italy	5.7
OECD average	5.6
UK	4.7

Source: OECD.

Many of the new people being hired are on temporary contracts (122,000 in the third quarter), and there are 1.7 million households where all members of working age unemployed. The jobless rate for the foreign population is 32.8%. Lastly, many of those who lost their jobs in the construction sector when the property bubble popped in 2008 are so poorly skilled that there are few jobs available to them, even if the recovery strengthens as it is forecast to do.

The other measurement of unemployment –the monthly figure for those registered in government offices– showed an increase of almost 80,000 over September to 4.5 million, some 900,000 less than the stated figure. The registered unemployed equate to jobseekers. The number of social security contributors increased by 28,817 to 16.7 million (half the rise in the same month of 2013).

The labour market is slowly improving, but Spain's social crisis is deepening, as shown by a detailed study published last month by the Catholic Church's Caritas and its Fossa research arm.

The number of people receiving emergency aid from Caritas has soared from 350,000 in 2007 to more than 1 million this year, while the number that relies on Spain's 55 food banks has risen from 780,000 to 1.5 million over the past five years.

Child poverty has also risen sharply. According to a calculation by UNICEF, the impact of the crisis on the median income of households with children suggests that, between 2008 and 2012, Spanish families lost the equivalent of a decade of progress in this sphere. The increase in Spain's child poverty rate was one of the highest in UNICEF's child poverty ranking (see Figure 8). Chile was the country that lowered it the most.

Figure 8. Child poverty rate, 2008 and 2012 (1)

Rank (2)	2008	2012	Change (2008-12)
1. Chile	31.4	22.8	-8.6
2. Poland	22.4	14.5	-7.9
18. Germany	15.2	15.0	-0.2
25. UK	24.0	25.6	+1.6
30. France	15.6	18.6	+3.0
33. Italy	24.7	30.4	+5.7
35. Spain	**28.2**	**36.6**	**+8.1**

(1) A commonly used indicator of child poverty is the proportion of those living below an established poverty line. The table ranks the change in child poverty in 41 EU and/or OECD countries between 2008 and 2012. This change is calculated by computing child poverty in 2008 using a poverty line fixed at 60% of median income. Using the same poverty line in 2012, adjusted for inflation, the rate is computed and the difference in the two rates is shown. A positive number indicates an increase in child poverty.
(2) Ranked by reduction in child poverty.
Source: Eurostat.

The impact of recession on young Spanish adults not in education, employment or training (NEET) was also one of the highest (see Figure 9).

Figure 9. Youth aged 15 to 24 not in education, employment or training (1)

Ranking	2008	2012	Change pp (2008-12)
1. Turkey	37.0	25.5	-11.5
2. Germany	8.4	6.3	-2.1
12. France	10.2	11.2	+1.0
14. UK	12.1	13.3	+1.2
36. Spain	**14.3**	**18.6**	**+4.3**
37. Italy	16.6	22.2	+5.6

(1) Out of 41 countries and ranked by reduction in NEETs.
Source: Eurostat.

Corporate titans propose way to radically cut unemployment

The *Consejo Empresarial para la Competitividad* (CEC), which comprises the country's largest companies and banks, such as Telefónica and Santander, says it is possible to reduce Spain's jobless rate to below 15% as of 2018 from the current more than 24% if very ambitious structural reforms are enacted.[2]

All international institutions, such as the OECD, the IMF and the European Commission, forecast the unemployment rate remaining at 20% or more until 2018.

The unemployment rate would drop to only 21.2% in 2018 as a result of the 'inertia of the economic cycle' and maintaining the reforms already in place, the CEC calculates. This would create some 750,000 new jobs. But if its recipe was followed 2.3 million jobs could be created, lowering the unemployment rate to 14.2%, and without failing to meet Spain's fiscal commitments with Brussels. Structural reforms would be responsible for two-thirds of the 10 pp drop in the jobless rate.

The CEC's plan consists of reforms in the institutional framework, knowledge economy, education and energy policy (see Figure 10).

Figure 10. Impact on annual GDP and employment of structural measures

	Employment (%)	GDP (%)
Institutional framework	1.4	2.8
Increase average size of companies to that of Europe	0.6	1.2
Eliminate competition barriers (best OECD practices)	0.3	0.6
Labour market regulations (best practices Top 5)	0.5	1.0
Knowledge economy (implement best practices)	0.5	1.0
Education	0.3	0.6
Attain excellence results in the PISA 2018 tests	0.3	0.6
Energy policy	0.1	0.8
Structural evolution (annual rate)	2.3	5.1
Total (2014-18, million jobs)	1.6	

Notes:
(1) The impact in each block has been adjusted to avoid duplications among them.
(2) Calculation based on 2013 GDP and the level of employment and the working population in the second quarter of 2014. The jobless rate estimates assume a constant working population between 2014 and 2018.
Source: Consejo Empresarial para la Competitividad.

[2] The full report is available at http://www.iefamiliar.com/web/es/consejo2.html and only in Spanish, and my analysis of it at http://www.realinstitutoelcano.org/wps/portal/web/rielcano_en/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_in/zonas_in/commentary-chislett-how-to-radically-cut-spains-unemployment-feasible-or-wishful+thinking#.VGeGIVfF_wc.

European Commission downgrades Spain's GDP growth forecast for 2015
Spain's nascent economic recovery will feel the impact next year of the slowdown in Germany, France and Italy, all of them markets where Spanish exports have made headway.

The economy is now projected to grow 1.7% compared to an earlier forecast of 2.1%. This lower growth, however, would still be above the EU average of 1.5% (see Figure 10).

Figure 11. European Commission forecasts for 2015

	GDP (%)	Budget deficit (% of GDP)	Public debt (% of GDP)	Unemployment (%)
France	0.7	-4.5	98.1	10.4
Germany	1.1	0.0	72.4	5.1
Italy	0.6	-2.7	133.8	12.6
Spain	**1.7**	**-4.6**	**101.2**	**23.5**
UK	2.7	-4.4	89.5	5.7
EU	1.5	-2.7	88.3	10.0

Source: European Commission.

Spain, the EU country that most cut public spending in GDP terms
Spain's public spending fell by three percentage points last year to 44.3% of GDP, the largest cut among EU countries and the main way it reduced its budget deficit as revenues were weakened by recession (see Figure 12). Government revenue only rose from 37% of GDP to 37.5%.

Figure 12. Public spending (% of GDP)

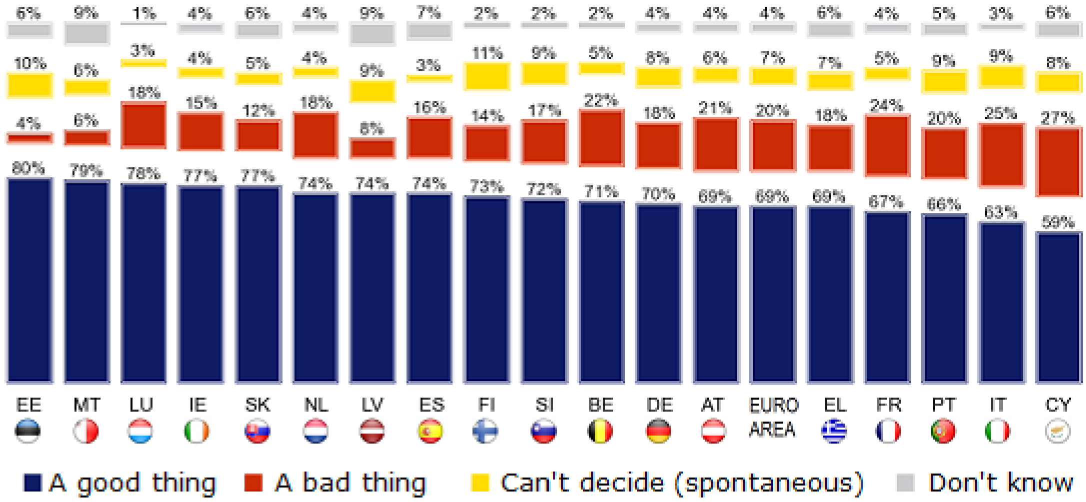
	2013	2012	Change in pp
Greece	59.2	53.8	+5.4
Finland	57.8	56.3	+1.5
France	57.1	56.7	+0.4
Italy	50.5	50.4	+0.1
EU-28	48.5	48.9	-0.4
UK	45.3	46.7	-1.4
Germany	44.3	44.2	+0.1
Spain	**44.3**	**47.3**	**-3.0**

Source: Eurostat.

Spaniards, still very much in favour of the euro
Spain's long crisis has done little to dent support for the euro. Almost three quarters of respondents in the country think the euro is a good thing for the EU, the largest proportion among the four biggest EU economies (see Figure 13).

Overall, 69% of respondents living in the euro area (68% in 2013) think the euro is a good thing, a fifth (18% last year) thinks it is a bad thing for the EU and 7% (5%) do not know.

Figure 13. Having the euro is a good or a bad thing for the EU?



Source: Eurobarometer, October 2014.

Corporate Scene

Spain shoots up the Doing Business ranking, cuts time needed to start a business

The number of days needed to create a business in Spain has dropped from 23 to 13, as a result of which the country rose in the World Bank's 2015 Doing Business ranking, closely watched by international investors, from 115th place (142nd in 2013) to 74th out of 189 countries (see Figure 14).[3]

Figure 14. Starting a business

	Spain	OECD average
Procedures (number)	6.0	4.8
Time (days)	13.0	9.2
Cost (% of income per capita)	4.6	3.4
Paid-in minimum capital (% of income per capita)	13.8	8.8

Source: Doing Business 2015, World Bank.

It still takes longer, however, than the OECD average to start a business, but Spain is now ahead of Germany.

Spain's progress in this sphere was due to cutting red tape and changes in the methodology for the ranking. Spanish officials have long complained that the ranking did not reflect the real situation.

Spain continues to lead the world market for transportation infrastructure

Spain has six companies in the top 12 transportation developers and another three make the top 39, according to the latest ranking by Public Works Finance (see Figures 15 and 16).[4]

[3] See the report on Spain at http://www.doingbusiness.org/reports/global-reports/~/media/giawb/doing%20business/documents/profiles/country/ESP.pdf.

[4] See my analysis at http://www.realinstitutoelcano.org/wps/portal/web/rielcano_en/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_in/zonas_in/ari52-2014-chislett-spain-leads-world-market-for-infrastructure-development#.VF861PTF-yM.

Figure 15. Ranking of the world's 12 largest transportation developers

	Operating or under construction	Of which: in the US	Of which: in Canada	Of which: in home country	All other
1. ACS Group/Hochtief (Spain)	**56**	**2**	**6**	**19**	**29**
2. Macquarie Group (Australia)	43	5	1	1	36
3. Global Via-FCC-Bankia (Spain)	**43**	**1**	**1**	**29**	**12**
4. Abertis (Spain)	**38**	**0**	**0**	**11**	**27**
5. Vinci (France)	36	1	2	12	21
6. Hutchison Whampoa (China)	34	0	0	12	22
7. Ferrovial/Cintra (Spain)	**33**	**6**	**2**	**9**	**16**
8. Bouygues (France)	27	1	1	10	15
9. NWS Holdings (China)	27	0	0	26	0
10. EGIS Projects (France)	25	0	1	5	19
11. Sacyr (Spain)	**22**	**0**	**0**	**14**	**8**
12. OHL (Spain)	**21**	**0**	**0**	**8**	**13**

(1) Developers are ranked by the number of road, rail, port and airport concessions over US$50 million in investment value that they have developed worldwide, alone or in joint venture, and are currently operating or have under construction as of 1 October 2014.
Source: Public Works Financing.

Figure 16. Developers ranked by invested capital (1985-2014)

	Total invested capital (US$ mn) (1)	Total number of concessions, active, sold or expired
ACS (Iridium+Hochtief) (Spain)	**75,200**	**103**
Ferrovial (Cintra) (Spain)	**74,300**	**56**
Vinci (France)	70,800	42
Macquaire (Australia)	48,200	59
Bouygues (France)	44,700	30
John Laing (UK)	32,900	25
Egis Projects (France)	24,100	26
Sacyr (Spain)	22,900	42
Global Via (FCC+Bankia) (Spain)	**21,200**	**48**
OHL (Spain)	**19,900**	**38**

(1) The sum of the original investment, in nominal dollars, of all of a company's transportation P3 projects that it has financed and put under construction and/or operation, or acquired and improved, from 1985 to 1 October 2014. The invested capital number represents the total amount of public funds and privately managed capital assembled by an equity developer to deliver public services from publicly owned transportation projects. May large P3 projects are developed by a consortium of companies, which results in some double counting of projects between the firms listed here. It includes Ferrovial's 2006 acquisition, upgrade and management of BAA's UK airports, using a US$24,3 billion enterprise value.
Source: Public Works Financing.

Inditex founder Ortega remains as world's fourth richest individual

Amancio Ortega, the founder of Inditex, the multinational clothing company whose flagship store is Zara, was again ranked as the world's fourth largest individual in the *Forbes* list of billionaires with wealth of €46 billion (see Figure 17).

The combined wealth of the richest 100 Spaniards was €164.4 billion, 9.2% more than a year ago.

Figure 17. Spain's 10 richest individuals

	Sector	€ billion
1. Amancio Ortega	Founder of Inditex (fashion retailer)	46.0
2. Rafael del Pino	Chairman of Ferrovial (construction)	6.4
3. Juan Roig	Chairman of Mercadona (supermarket)	6.0
4. Sandra Ortega Mera	Zara	5.2
5. Isak Andic and family	Owner of Mango (fashion retailer)	4.2
6. Juan Miguel Villar Mir	Chairman of OHL	3.4
7. Ana Patricia Botín	Chairman of Santander	3.4
8. Manuel Jove	Largest individual shareholder of BBVA	3.0
9. Duchess of Alba		2.8
10. Francisco and Jon Riberas Mera	Steel	2.6

Source: Forbes.