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Summary: Support for the euro remains high, despite the unfavourable view of the EU. Government approves controversial education reform. European Commission steps up reform pressure in return for easing of budget deficit targets. Former Caja Madrid chairman jailed.

Foreign policy

Support for the euro remains high, despite unfavourable view of the EU

Two-thirds of Spaniards want to remain in the euro even though only 4% view economic conditions as good, down from 65% in 2007, and only 46% have a favourable view of the European project (60% in 2012), according to a survey of the EU by the Pew Research Centre.

Only 28% of respondents said the best way to solve the country's economic problems was to spend more in order to stimulate growth compared with 56% in Greece, 37% in the UK and 42% in Poland.

For Spaniards the biggest problem in a country with an unemployment rate of more than 27% is the lack of job opportunities (see Figure 1).

Figure 1. In southern Europe things look particularly bleak (%)

	Very bad economic conditions	Rising prices very big problem	Lack of opportunities very big problem	Rich-poor gap very big problem	Economic system favours wealthy	Economic integration weakened economy	EU unfav.	Own leader bad job handing EU crisis (2)
Spain	79	69	94	75	89	60	52	72
Italy	58	84	97	75	86	75	36	68
Greece	72	94	99	84	95	78	65	75
Median (1)	28	58	73	54	72	59	48	67

(1) Median percentages for the UK, Germany, Poland and the Czech Republic.

(2) Leaders asked about include: Spain, PM Rajoy; Italy, PM Monti; Greece, PM Samaras; the UK, PM Cameron; France, President Hollande; Germany, Chancellor Merkel; Poland, PM Tusk; and the Czech Republic, PM Necas.

Source: Pew Research Centre.

The loss of confidence among young Spanish adults between 2007, the peak year of the more than decade-long boom, and 2012 was the highest among the eight countries surveyed. Only 46% expressed a favourable view, down from 88% in 2007 (see Figure 2). The unemployment rate for those aged between 16 and 24 is 57%, though another measure puts it much lower.

Figure 2. Young losing confidence in European project (% favourable of EU among 18- to 29-year olds)

	2007	2012	Change in pp
Spain	88	46	-42
France	75	47	-28
Czech Republic	66	50	-16
UK	68	57	-11
Germany	77	66	-11
Poland	86	75	-11
Italy		65	-
Greece		31	-

Source: Pew Research Centre.

Spain commits more troops to Mali

The government agreed to increase its military presence in Mali from 50 to 110 personnel, making Spain the second-largest contributor to the EU operation in the north-western African country.

France intervened in Mali in January to drive out jihadist militants after they had threatened late last year to 'open the doors of hell' for French citizens.

Domestic scene

Government approves controversial education reform

The government approved a wide-ranging education bill that strengthens vocational training in state schools, gives greater importance to Roman Catholic religion classes and guarantees classes in Spanish as opposed to regional languages for students whose parents request it.

The reforms, which are expected to be approved by parliament as the Popular Party (PP) has an absolute majority, have sparked protests by teachers and students.

Deputy Prime Minister Soraya Sáenz de Santamaría said the reforms were needed to combat the very high early school-leaving rate of 25% (see the next item), the 57% youth unemployment rate, the 24% NEETs rate (those aged 16 to 29 not in employment or studying or training) and mediocre results in the PISA international tests.

The package of reforms, the seventh since 1975, will oblige pupils to opt at age 15 to follow either a vocational or academic course of study, and to pass new exams at each stage of their schooling.

The greater importance given to the Roman Catholic religion course, coupled with the elimination of the education-for-citizenship course introduced by the previous Socialist government, which enraged the Church's conservative and vociferous hierarchy, was a major victory for the Church.



Cardinal Antonio María Rouco Varela, Archbishop of Madrid, said the citizenship course 'clashes with the fundamental principles of the Constitution and with the right of parents to choose their children's moral instruction'.

The mark obtained in religion will count, for the first time since 1990, towards calculating the average mark for the year and thus towards deciding who goes through to the next year and those who have to repeat the whole course if they fail a certain number of subjects, as well as being taken into account when government grants for pupils from poor families are made.

The PP's education reform in 2002 incorporated the religion change but it never came into effect as the Socialist government abolished it after it took office in 2004.

The religion class is not obligatory, but those who do not opt for it will have to study an alternative course on cultural and social values (primary education) and ethical values (secondary education) which will also count towards the average overall mark.

By making the alternative to the religion course obligatory and less of a soft option than in the past, the Church hopes to attract more students to its course. The number of students opting for religion has been declining over the years.

According to a poll by Metroscopia, 70% of respondents do not want religion to be given the same importance as other subjects and two-thirds said the government had bowed to pressure from the Church. Less than half of respondents who said they were PP voters agreed with the reform.

Opponents of the reform believe the only way to resolve the contentious religion course issue is to revoke the 1979 concordat between the Spanish state and the Holy See which continues to give the Church a privileged position, though not as much as that enjoyed during the 1939-75 dictatorship of General Franco.

The concordat says it is the 'responsibility of the Church hierarchy to decide the contents of Catholic teaching', while article 2 states that schools at all levels 'shall include the teaching of the Catholic religion... in conditions equal to those of the basic subjects'. The Church appoints the estimated 30,000 teachers of religion, who are paid for by the state.

The 1978 Constitution recognises the 'right of parents for their children to receive the religious and moral training in accordance with their convictions', but does not oblige the state to provide it. Although the Constitution states that 'there shall be no state religion', Article 16:3 declares: 'the public authorities shall take the religious beliefs of Spanish society into account and shall in consequence maintain appropriate cooperation with the Catholic Church and

the other confessions'. No other religious group is mentioned by name. These articles are out of step with a non-confessional state.

The other point of conflict, particularly in Catalonia which has its own language and whose government is pushing to hold an illegal referendum on independence in 2014, is over teaching students in the Spanish language for those families that want it. Spanish is taught for three hours a week in Catalonia.

Spain's male early school-leaving rate still the highest in the EU

Close to 30% of the male population in Spain in 2012 aged between 18 and 24 had at most lower secondary education and were not in further education or training, almost double the EU average (see Figure 3).

Figure 3. Early male leavers from education and training (%), selected countries

	2007	2012
Spain	36.1	28.8
Italy	22.6	20.5
EU-27	16.9	14.5
UK	14.6	14.6
France	14.6	13.4
Germany	13.4	11.1
Poland	6.4	7.8

Source: Eurostat.

The early school-leaving rate, however, was almost 7 pp lower than in 2007 at the height of Spain's more than a decade long economic boom. This reflected the impact of the five-year recession, which has made teenagers stay on at school. During the boom there was an exodus of students from schools as of the age of 16, mainly to work in the construction and property related sectors and tourism.

The rate for the female population in the same age group was 20.8% in 2012 (25.6% in 2007). The overall early rate stood at 24.9% in 2012, down from 31% in 2007.

Another factor behind the high school-leaving rate, which is rarely mentioned, is that the yardstick for assessing exams is higher in Spain. This is revealed by comparing Spain's results in the PISA tests for 15-year-olds with early school-leaving rates. France, for example, has very similar PISA results to Spain and yet its early school-leaving rate is half of Spain's.

Two-party system could be on the way out

Spain's two-party system, comprising the conservative Popular Party (PP) and the Socialists (PSOE) which have alternated in power since 1982 and dominated parliament, looks like giving way to four parties, according to a series of voting intention polls conducted over five months by Metroscopia.

These polls and those of the government-funded CIS consistently show the PP and the Socialists obtaining at most around 54% of votes compared with 73% of those cast in the last general election in 2011, and a significant rise in support for the United Left (IU) and the centrist Union, Progress and Democracy (UPyD).

Spain had a four-party system in the first years after the death of the dictator General Franco in 1975 during the transition to democracy until the Union of the Democratic Centre (UCD) imploded.

A simulation of what the 350-seat parliament would look like if elections were held last month with a 55% voter turnout and using the d'Hondt method of proportional representation, gave the PP 139 seats and the Socialists 90 (65% of the total seats) compared with 186 and 110 seats (84% of the total), respectively, in the current parliament (see Figure 4). The next election is due in 2015. Neither party would be close to a majority. Spain has not had a coalition government at the national level since the Second Republic (1931-39).

Figure 4. Election simulation results

	2013 simulation: seats	2013 simulation: % of votes	2011 election: seats	2011 election: % of votes
Popular Party	139	28.6	186	44.6
Socialists	90	25.1	110	28.7
United Left	48	15.9	11	6.9
UPyD	30	10.7	5	4.7
Rest	43	10.8	37	10.3

Source: Metroscopia.

The sharp decline in support for the PP since the November 2011 election is due among other factors to corruption scandals and the unpopularity of its austerity measures, while the failure of the Socialists to make any headway shows the continued lack of credibility in a party on whose watch Spain entered into a recession which is now in its fifth year.

According to a report by Andrés Ortega, a private consultant, and José Antonio Gómez Yáñez, a political scientist, of the Intelligence Unit on Spain, voters disillusioned with the PP and the Socialists are forming a 'large bubble of social rage and political alienation'. 'At the moment, it may represent an estimated 5.6 million voters previously linked to these two parties that fit the profile of middle-class voters with a high level of education. Just how this will develop is the big question for the future. The social bases for populism are taking shape, but there is a lack of leaders'.

This rage is most visible in the grassroots protest movement of the *indignados* (the indignant ones), which sprang up on 15 May 2011 against the government's austerity measures, evictions for non-payment of mortgages and corruption in the political class. There are currently around 1,000 corruption cases under investigation.

A Metroscopia poll coinciding with the second anniversary of this movement showed that 78% of respondents were in agreement with its grievances.

José Juan Toharia, the president of Metroscopia, cautioned against reading too much into the election simulation as the situation could change over the next two years. For a start, voter turnout on the actual day will most likely be higher than the 55% used for the simulation and a new and much younger Socialist leader, to be elected before 2015 in place of Alfredo Pérez Rubalcaba, could reinvigorate the party. The 61-year-old Rubalcaba is visibly tired and too identified with the party's old guard.

In a separate development, José María Aznar, Spain's prime minister between 1996 and 2004, who personally nominated Mariano Rajoy, the current premier, as his successor hinted he might return to the political arena. 'I will meet my responsibilities, follow my conscience and do my duty to my party and my country', he said in an interview on Antena 3 television.

Aznar urged the government to cut taxes. Rajoy did not rise to the veiled challenge widely believed to be hollow, but did say he would not change course. Having recently won a two-year extension from the European Commission to meet its budget deficit targets, the government is not in a position to reduce taxes unless it slashes public expenditure even more.

Spain's tax revenues as a percentage of GDP plummeted from 38% in 2007 to 32.4% in 2011, a far greater fall than any other large euro zone economy and from a much lower starting point (see Figure 5), while public spending shot up from 39.2% in 2007 to 47% in 2012 (see Figure 6). The tax burden rose to 33.2% in 2012 as a result of the hike in VAT from 18% to 21%.

Figure 5. Total Tax Revenue (% of GDP)

	2000	2007	2008	2009	2010	2011
France	44.2	45.2	45.0	44.1	42.5	43.9
Germany	41.3	40.0	40.2	40.8	39.3	38.7
Italy	41.5	43.0	43.0	43.3	37.9	42.8
Spain	34.1	38.0	33.9	31.6	33.1	32.4
Euro zone	40.9	41.2	40.8	40.4	39.0	39.5

Source: Eurostat..

Figure 6. Total General Government Expenditure (% of GDP)

	2007	2008	2009	2010	2011	2012
France	52.6	53.3	56.8	56.6	55.9	56.6
Germany	43.5	44.1	48.2	47.7	45.3	45.0
Italy	47.6	48.6	51.9	50.4	49.9	50.6
Spain	39.2	41.5	46.3	46.3	45.2	47.0
Euro zone	46.0	47.1	51.2	51.0	49.5	49.9

Source: Eurostat.

Spain's top rate of personal income tax (52% as against 48% in 2000) and maximum corporate tax rate (30% compared with 35% in 2000) are the fifth

highest in the EU and both are well above the EU averages (see Figure 7). VAT is 21%.

Figure 7. Personal and corporate tax rates, 2013

	Personal	Corporate
Sweden	56.6	22.0
Spain	30.0	52.0
France	50.2	36.1
Germany	47.5	29.8
UK	45.0	23.0
Italy	43.0	27.5
Poland	32.0	19.0
EU-27	44.3	25.7

Source: Eurostat.

King Juan Carlos gives up his luxury yacht in austerity gesture; the Infanta Cristina in tax probe

King Juan Carlos handed over his luxury yacht 'Fortuna' to the state in a further move symbolising belt-tightening in the Royal Family. It will either be sold or kept.

The 41.5-metre yacht cost €21 million and was a present to the King in 2000 by a group of businessmen. It played host to visiting dignitaries.

Last year the Royal Family announced they would reduce their annual budget by €100,000 to €8.3 million with the King and his heir Prince Felipe announcing they would take a pay cut of 7%, broadly in line with the public-sector wage cut imposed by the government.

The move came at a time when the Royal Family's popularity has fallen as a result of a fraud, embezzlement and money-laundering scandal embroiling the King's son-in-law Iñaki Urdangarín which led to the Infanta Cristina being named as a suspect.

She was later dropped from the investigation for lack of evidence following an appeal, but examining magistrate José Castro ordered the tax agency to investigate whether she engaged in tax evasion or money laundering.

Castro said the Infanta may have committed tax fraud as half-owner of the holding company Aizoon, set up by her husband to allegedly channel funds from the Noos Foundation established by Urdangarín.

The tax authorities said it found no evidence that would link the King's daughter with the crimes attributed to her husband.

European physics award given to young Spaniard rejected for government grant
Spain's brain-drain of young scientists was embarrassingly exposed when Diego Martínez Santos was awarded Europe's Young Experimental Physicist Prize

shortly after the government turned down his request for a contract that would have enabled him to return to Spain.

Martínez, aged 30, works in Switzerland for the CERN where physicists and engineers are probing the fundamental structure of the universe. The CERN, moreover, is this year's winner of the Prince of Asturias award (named after the heir to the Spanish throne) for technical and scientific research.

The Economy Ministry, responsible for the Ramón y Cajal grants, rejected him because he lacked 'scientific leadership' and for having a 'level of international recognition below the average for people of his age'.

Martínez presented a declaration in the Spanish consulate in Geneva, alleging that his reputation had been damaged by the text of the rejection.

Spain's scientific community is very critical of the government's reduced funding.

The Economy

European Commission steps up reform pressure in return for easing of budget deficit targets

The European Commission, as expected, gave the cash-strapped government two more years –until 2016– to reduce the budget deficit to below the 3% of GDP reference value, in return for deeper and faster reform.

The deficit target for this year is 6.5% of GDP (originally 4.5%), 5.8% in 2014, 4.2% in 2015 and 2.8% in 2016.

The Commission criticised the 'uneven' progress in implementing reforms and the delays in establishing an independent fiscal council, putting into effect a law on market unity and further liberalisation of professional services.¹ It issued recommendations in nine areas. They are:

- (1) Fiscal consolidation needs to continue in order to rein in the increase in public debt and to bring public finances back onto a sustainable path. The fiscal authority needs to be in place by the end of 2013.
- (2) Conduct a systematic review of the tax system by March 2014 and step up efforts to tackle tax fraud and evasion.
- (3) The Spanish financial sector adjustment programme is on track and Spain needs to continue implementing it in line with the agreed timetable.
- (4) Finalise the assessment of the 2012 labour market reform by July 2013 and present amendments, if necessary, by September.

¹ See the Commission's assessment on 29 May of Spain's 2013 reform programme and stability programme at http://ec.europa.eu/europe2020/pdf/nd/swd2013_spain_en.pdf.

- (5) Structural weaknesses in the education and training systems have contributed to the high youth unemployment rate and are still largely unresolved. Spain needs to implement all the planned reforms in the area of education.
- (6) Poverty and social exclusion are on the rise in Spain, mainly as a result of the labour-market situation, but also due to the limited effectiveness of social protection in reducing poverty. Measures need to be taken to improve the effectiveness of policies in this area.
- (7) Speed up reforms to address weaknesses in the business environment, such as barriers to doing business, and increase decisively competition in product and services markets.
- (8) Tackle the electricity tariff deficit by adopting and implementing a structural reform of the electricity sector by the end of 2013.
- (9) The highly decentralised structure of Spain calls for enhanced coordination between the various public administrations, both to reduce costs and to limit the administrative burden on companies and households. Define by October 2013 a plan to make the overall public administration more efficient.

Bank of Spain moots minimum wage suspension

The central bank raised the idea of suspending the minimum wage in certain circumstances as labour market reforms were failing to encourage job creation and lower the unemployment rate, which currently stands at 27%.

The recommendation is not binding on the government and was quickly condemned by trade union leaders.

'The successes due to the labour law in internal flexibility and moderating wages are positive', the bank said in a report on the economy. 'But the effect on boosting new hires is insufficient, even though this is very likely an area where the measures need more time to be fully effective'. It said the government should contemplate 'exceptional mechanisms so that the minimum salary won't act as a barrier' to hiring some groups of workers.

The bank did not specify which groups, but it probably referred to younger workers.

The proposal looks similar to Germany's minijobs programme, which pays €450 per month, well below Spain's legal minimum wage of €645.

First monthly trade surplus in more than 40 years

Spain recorded its first monthly trade surplus since 1971, but this was due more to the sharp fall in imports related to the slump in domestic demand than a big rise in exports. The surplus of €634.9 million in March reflected a 15% year-on-year decline in imports and a 2% increase in exports.

The trade deficit for the first quarter was 62% lower than in the same period of 2012 at €4.04 billion, as a result of imports of €60.62 billion (-6.9%) and exports of €56.58 billion (+3.9%). Exports covered 93% of imports, almost 10 points higher than a year earlier.

But for the growth in exports over the last few years, Spain's long recession would have been deeper (see Figure 8).

Figure 8. Merchandise imports and exports and coverage ratio (€ billion and %)

	Exports	% change y-o-y	Imports	% change y-o-y	Balance	Coverage (1)
2007	185.02	8.6	285.03	8.5	-100.01	64.9
2008	189.22	2.3	283.38	-0.6	-94.15	66.8
2009	159.88	-15.5	206.11	-27.3	-46.22	77.6
2010	186.78	16.8	240.05	16.5	-53.27	77.8
2011	215.23	15.2	263.14	9.6	47.91	81.8
2012	222.64	3.8	253.40	-2.8	-30.75	87.9
March 2012-March 2013	224.78	4.0	248.92	-4.4	-24.14	90.3

(1) Exports as a percentage of imports.

Source: Economy Ministry.

Capital goods were the main exports (see Figure 9) and exports to non-EU countries continued to grow, accounting for 38.5% of the total and 15.1% more in value terms than in the first quarter of 2012 (see Figure 10).

Figure 9. Exports by sectors, first quarter of 2013 (% of total and growth)

	% of total	% change y-on-y
Capital goods	21.9	20.5
Food	15.4	2.3
Chemical products	14.4	4.1
Motor industry	14.2	0.6
Non-chemical semi-manufactured goods	10.5	-7.1
Consumer manufactured goods	8.9	6.4
Energy products	6.1	-11.5
Other goods	4.6	0.5
Raw materials	2.7	4.8
Consumer durables	1.4	-1.6

Source: Economy Ministry.

Figure 10. Geographical distribution of exports (% of total and growth)

	% of total	% change year-on-year
EU	61.5	-2.0
Euro zone	48.5	-3.2
Rest of Europe	7.4	0.8
North America	4.2	0.3
Latin America	6.0	8.9
Brazil	1.3	26.8
Asia	9.5	22.5
China	1.7	13.7
Middle East	4.0	58.9
Africa	7.0	18.5
Morocco	2.4	12.9

Source: Economy Ministry.

Spain tops the regional unemployment league

Five Spanish regions and the autonomous cities of Ceuta and Melilla, enclaves on the North African coast, were among the 10 regions in the EU with the highest unemployment rates in 2012, according to Eurostat (see Figure 11). Their rates ranged between 28% and 38%.

Figure 11. Regions with the highest unemployment rates in the EU (%)

	%
Ceuta (Spain)	38.5
Andalusia (Spain)	34.6
Extremadura (Spain)	33.0
Canary Islands (Spain)	33.0
Dytiki Makedonia (Greece)	29.9
Melilla (Spain)	28.6
Reunión (France)	28.6
Castilla-La Mancha (Spain)	28.5
Murcia (Spain)	27.9
Stereia Ellada (Greece)	27.8

Source: Eurostat.

The lowest levels were in the Austrian regions of Salzburg and Tirol, both at 2.5%.

Four Spanish regions, out of a total of 270 in the EU as defined by the Nomenclature of Territorial Units for Statistics (NUTS), had youth unemployment rates of between 61% and 70%. Eurostat has another way of measuring youth unemployment, which gives Spain, in particular, a much less dramatic figure.²

House prices fall 26% in five years

Spain's house prices have fallen 26% since the end of 2007 and should fall further, according to the *The Economist* magazine (see Figure 12).

²See

<http://www.realinstitutoelcano.org/wps/wcm/connect/3f8025804f45f52d83c09b8c9edeb290/Commentary-GonzalezEnriquez-youth-unemployment-Spain.pdf?MOD=AJPERES&CACHEID=3f8025804f45f52d83c09b8c9edeb290>.

Figure 12. Housing prices

The Economist house-price indicators

	Latest, % change		Under(-)/over(+) valued, against*:	
	on a year	since earlier Q4 2007	Rents	Income [†]
Hong Kong	24.5	109.4	81	na
Brazil	12.8	na	na	na
South Africa	11.1	18.0	-2	10
India	10.7	88.8	na	na
United States	9.3	-20.8	-8	-21
Singapore	3.5	24.8	57	na
Germany	3.4	9.7	-17	-17
China	3.3	20.4	6	-35
Sweden	3.0	10.0	31	17
Australia	2.6	12.2	44	24
Canada	2.0	18.3	73	32
Britain	0.9	-11.4	19	11
France	-1.7	1.1	39	34
Japan	-2.6	-14.2	-37	-36
Ireland	-3.0	-50.2	-1	-5
Italy	-4.0	-11.3	-2	10
Netherlands	-7.0	-16.5	6	33
Spain	-7.7	-26.5	15	16

*Relative to long-run average †Disposable income per person
Sources: BIS; Haver Analytics; Hong Kong RV; National Housing Bank; Nationwide; OECD; Teranet and National Bank; Thomson Reuters; *The Economist*

Corporate scene

Former Caja Madrid chairman jailed

Miguel Blesa, the former chairman of Caja Madrid, which merged with six other savings banks in 2010 to form Bankia and was nationalised last year after an initial public offering, was imprisoned following a probe into alleged irregularities relating to the purchase of a bank in the US.

Blesa was briefly imprisoned last month pending the posting of a €2.5 million bail. Judge Elpidio José Silva Pacheco ordered Blesa's return to jail without bail earlier this month after emails seized by the police purported to show how Blesa avoided controls regarding the acquisition. The judge said there was a risk that Blesa would flee Spain. The office of the public prosecutor was studying whether to challenge the judge's order as it was not happy with the handling of the case.



Caja Madrid acquired 83% of City National Bank of Florida in 2008 for US\$927 million and bought the remaining stake later on for an undisclosed amount. Bankia sold the bank last month to Chilean bank BCI for US\$883 million, as part of its strategy to boost solvency and comply with the terms of the bailout under which it must sell assets and close branches.

He was the first bank chairman to be imprisoned since Mario Conde, the head of Banesto, was jailed in the 1990s for fraud and embezzlement. Around 100 other senior bank executives are also under investigation as a result of Spain's banking crisis.

Blesa ran Caja Madrid, which had close ties to the Popular Party (PP), for 13 years until he was ousted and replaced by Rodrigo Rato, a former IMF managing director (2004-2007) and economy supremo in the first two PP governments. Rato was forced out in 2012 after the PP government intervened in Bankia.

Bankia received in more than half of the €42 billion in bailout funds that the government received from the EU. Its loss of €19.2 billion in 2012 was the largest in Spain's corporate history.

Meanwhile, Bankia issued 11.5 billion new shares on 28 May as part of a state-backed recapitalisation plan.

Some 350,000 small retail investors bought into Bankia's flotation in 2011. The share price has fallen by more than 80% so far this year to €0.694 on 10 June. At one point last month the price reached a high of €6.5. The sharp volatility in the price led the market regulator to investigate trading in Bankia shares.

Holdings of preference shares, who have angrily complained they were mis-sold these instruments, had to swap their holdings for ordinary shares at an average discount of 70%.

The chairmen of Santander, BBVA and La Caixa were called last month to testify before a judge investigating Bankia's crisis. Francisco González, the chairman of BBVA, called Bankia the 'elephant in the room'.

OHL wins €1.1 billion metro contract in Qatar

OHL, one of Spain's largest construction companies, won a €1.1 billion contract, in partnership with Samsung C&T and a local firm, to build two stations for Doha's new underground railway network.