

# Doing business in Spain



## Are you a member of a UK company wishing to export overseas?

## Interested in entering or expanding your activity in the Spanish market? Then this guide is for you!

The main objective of this **Doing Business Guide** is to provide you with basic knowledge about Spain; an overview of its economy, business culture, potential opportunities and an introduction to other relevant issues. Novice exporters, in particular will find it a useful starting point.

Further assistance is available from the UKTI team in Spain. Full contact details are available at the end of this guide.



### Important Information - Sanctions and Embargoes

Some countries may be subject to export restrictions due to sanctions and embargoes placed on them by the UN or EU. Exporting companies are responsible for checking that their goods can be exported and that they are using the correct licences.

Further information is available on the [Department for Business, Innovation & Skills \(BIS\)](#)

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# Introduction

Spain occupies an area of slightly more than 500,000 square kilometres in the extreme southwest of Europe. The territory of Spain covers most of the Iberian Peninsula, which it shares with Portugal, and also includes the Balearic Islands in the Mediterranean, the Canary Islands in the Atlantic Ocean, and the North African cities of Ceuta and Melilla. Spain borders France and Portugal, is the second largest country after France in the EU and is two and a half times the size of the UK with a population of 46 million.

Spain is divided into 17 regions, which have varying powers, but each has its own parliament, government and administrative apparatus. In November 2011, the Popular Party (conservative party) was elected as the national government.

Spain joined the EU in 1985 and was one of the first countries to join the Euro. The country has been one of the principal recipients of EU Structural and Cohesion funding, though it is soon to become a net contributor. Due to the global economic downturn, Spain is suffering a sharp slowdown which has already had a significant impact on unemployment and on domestic demand. GDP slowed to 0.7% in 2011. Unemployment rose to 21% in 2011. Although Spain remains affected by the global turmoil, the size of its economy and the structural reforms required to generate growth offer major commercial opportunities. In the longer term, Spain's economy has notable strengths that will allow it to recover.

The UK and Spain are major trade and investment partners. Spain is the UK's 7th largest export market. The UK exports more to Spain than to Brazil and India combined. The UK is Spain's 5th largest export market. The UK was the 3rd largest foreign investor in Spain in 2010. Spain has become one of the largest investors in the UK. Spanish investment in the UK is greater than in the whole of Latin America. Investing companies include Santander, Ferrovial (BAA), Iberdrola (Scottish Power), Telefonica (O2) and Gamesa.

Over 16 million British tourists visit Spain every year and around 1 million British nationals are permanent or part-time residents (mainly around the coasts).

## Strengths of the market

In brief these are:

- Size of the market
- Open economy
- Globally competitive companies
- Entry route to Latin America
- Quality and availability of qualified suppliers
- Quality of the business schools
- Advanced ICT network
- Quality of life (leisure, culture and the quality of the health system)
- Services and infrastructures
- English accepted as business language

## Opportunities in Spain

Spain is a highly developed, diversified and competitive market. Despite the recent economic downturn, there remain significant opportunities for UK exporters. In general, if a product or service sells well in the UK, it is worth investigating its potential in Spain. There are particularly interesting opportunities in the following sectors:

- **Energy:** Spain is at the forefront of the renewable energy sector. Strong support from public and private entities at all stages made Spain one of the most attractive countries in the world to invest in renewable energy projects. Spanish companies are world leaders in wind and solar energy production and, in spite of recent cuts in government subsidies, continue development of these technologies as well as marine and biomass projects both nationally and internationally.
- The **environmental** sector turns over more than € 11billion and provides employment to over 500,000 people. Major Spanish multinationals in the construction and civil engineering sector are active in the environmental sector in both waste and water treatment. Foreign investment can play a significant role in some niche business areas where ongoing technological and process innovation is essential. Some of these areas are described in the 2007-2015 National Waste Plan.
- **Education:** Spain is a huge market for the UK's Education and Skills sector. National and regional initiatives. The UK was the 3rd largest foreign investor in Spain in 2010. Spain has become one of the largest investors in the UK. The UK was the 3rd largest foreign investor in Spain in 2010. Spain has become one of the largest investors in the UK to develop innovation in education, prioritise English language teaching, digitalise classroom content and increase the development of skills and competences offer significant opportunities for British companies in areas such as corporate training, digital content, educational technology, specialist English, training for work, higher education and special needs. Spain is committed to achieving common European objectives in the areas of lifelong learning, e-learning, vocational training, mobility of students, European Qualification Framework and reforming higher education qualifications.

Special needs is an area which offers opportunities to companies in the education and healthcare sectors. Currently 97.2% of children with disabilities attend school: 19.1% in special schools, 45.9% integrated into normal schools and 32.2% without any particular support. This is still an area which is relatively underdeveloped in Spain. An aging population and over burdened public health system means that there is increasing demand for equipment which enables individuals to stay in their own homes. Real opportunities exist in innovative high-tech products, e-health, rehabilitation equipment and assistive technologies as well as products and software for learning difficulties.

- **Aerospace:** a strategic sector for the Spanish government, which has allocated a 3.7bn euro spend between 2010-2014 under the Aerospace Strategic Plan (PESA). The sector employs over 35,000 staff, 16% focused on R&D, with a €5,4 billion turnover in 2009 (8% over 2008), 0.5% of GDP. Exports accounted for 77% of the turnover and investment in R&D a remarkable 14.5% (+50% over 2008). The Spanish industry's main strength is centred around composite materials, accounting for an estimated 10% of global production.
- **Electronics and ICT** sector, though it has contracted overall during the economic crisis (€101.3 billion in 2007 to €88.2 billion in 2010), remains of huge importance to the Spanish economy, and offers opportunities to UK exporters. The sector employs 331,000 staff, with a turnover of €17 billion. Investment on innovation (including R&D) reached €9.2 billion.

**Telecommunication** services represent over half of the market (57%, -3% from 2009). Telefonica is a world leader in the sector, with major investments in the UK (O2). Information technology follows (18%, +1.5% from 2009) mainly due to the continued increase in the demand from national and regional governments and the increasing adoption of technology and systems by SMEs. In this area there is still significant room for further growth compared to other leading European markets. The fastest growing

subsector in 2010 was digital content, which reached 11% of market value (+7% from 2009). Grants and incentives are available for companies who want to invest in the market.

- **Life Sciences:** In Spain Biotechnology remains one of the most dynamic areas within life sciences and continues to demonstrate great growth potential with many of the companies still in early stage development. In 2010 the biotechnology sector generated over €53 million and employed more than 148,000 people. Most recent estimations are that the biotechnology industry contributes some 1.2% to the GDP in Spain. There are approximately 450 pharmaceutical companies in Spain which account for 20.3% of all private R&D spending. Oncology, regenerative medicines and agro-biotech are sectors that are particularly strong. Opportunities exist for companies with experience in knowledge transfer, clinical trials, etc.

**Healthcare Sector:** Spain has a strong national health system which offers excellent care. Additionally some 7.5 million people have supplementary private health insurance and there is a well established network of private hospitals and clinics. In 2008, there were 804 hospitals in Spain with 160,983 beds. The Spanish market for medical equipment and supplies is ranked 5<sup>th</sup> in the world. 85% of electro-medical equipment is imported. The Spanish government is under increasing pressure to make the public healthcare system more efficient and to save costs. This means adopting new working practices and technologies. There are therefore opportunities for British companies that offer hi-tech products and services which avoid lengthy stays in hospitals.

- The **Creative Industries** sector represents around 4% of Spanish GDP, employs 1.2 million people and was worth Euros 62,000 million in 2009 (last figure available). As in the UK 95% of Spanish companies are on the whole small to medium sized businesses. The Spanish Government considers the Creative Industries sector a priority.

Amongst the Creative Industries subsector in Spain there are specific opportunities in film, TV and animation. There is scope for co-production for British companies. The UK is the preferred co-production partner for Spanish companies. The animation sector in Spain is worth Euros 93million and is 7<sup>th</sup> in the world sector ranking, employing 2,000 people. There are only 55 animation Spanish companies, some of them are key players in the world such as Zinkia Entertainment or Emira.

Another important subsector is Architecture. Spain has made large investments in infrastructure in the past. Nowadays and due to the economic crunch, the Spanish Government is investing less money in infrastructure although there continues to be some potential opportunities. The reputation of British architects is very high. British architects, such as Norman Foster, Richard Rogers, David Chipperfield and Zaha Hadid have had important projects in Spain.

Spain also offers opportunities to the British exporter across a wide range of other sectors, including consumer goods, food and drink, business services and manufacturing equipment.

### **Opportunities in the Basque Country (northern Spain)**

The Basque Country with 2 million inhabitants (5% of total Spanish population) and contributing 6.5% to Spanish GDP is one of most important industrial areas of Spain. The Basque Country and neighbouring Navarre unlike other regions of Spain raise and administer their own taxes. This unique feature has an important bearing on economic and commercial developments.

30% of Basque Country GDP is attributable to industrial activity. More than 50% of Spanish steel output (16/17 million tonnes/year), including speciality steels is produced in the region. The region is a leader in advanced engineering and the home to many of Spain's heavy capital goods manufacturers of equipment for the power generation, petrochemical and chemical industries as well as a major player in the automotive parts and components sector. The region is a leader in renewable energy and the home to virtually all Spain's wind turbine builders and related component parts suppliers. The region is also a major producer of parts and components for the international aerospace industry.

The Basque Country, leader in diversification and innovation, pioneered the concept and development of industrial clusters in Spain and has invested heavily in setting up R&D establishments in numerous fields, including in advanced engineering, biotechnology, and nanotechnology and new materials in support of local and Spain wide companies.

Trade links between the UK and the Basque Country date back centuries and remain as strong as ever today.

### Trade statistics

<b>UK Trade statistics in Goods and Services with Spain 2009</b>	<b>£million 2009</b>	<b>£million 2010</b>
UK Exports to Spain	14.55bn	15.07bn
UK Imports from Spain	18.62bn	19.86bn

*Source: BIS analysis of data from HM Revenue & Customs*

### Economic Overview

The Spanish economy contracted by 0.1pc in 2010, a better outcome than anyone had expected at the beginning of last year. The economy has recovered in 2011 but at very low levels. Growth in the second quarter 2011 was up by only 0.7pc on the same period of last year, and was entirely due to net external demand thanks to a 8.5pc surge in exports, with all major components of domestic demand weakening. The official forecast is for growth of 1.3pc in 2011, but most independent experts foresee an outturn of around 0.7/0.8pc.

Spain's biggest problem is its labour market. The overall level of unemployment stands at 21pc, while youth unemployment is over 46pc. Labour market reform began in 2010-2011 with legislation covering inter alia temporary contracts, employment training and placement, and collective bargaining. Inflation currently stands at 3pc, reflecting Spain's high dependency on imported oil. While price pressures should ease somewhat in 2011, inflation is likely to come in at over 2.5pc for the year as a whole.

Despite the prospects for anaemic growth in 2011, the government is committed to delivering on its ambitious reform agenda. The recent reforms to the pay-as-you-go system of public pensions raised the retirement age from 65 to 67 and extended the contribution period needed to qualify for the maximum pension.

The financial sector is also going through a major process of reform. In the last two years the number of saving banks has been cut from 45 to 15; the number of branches and staff has decreased by around 10pc and 8pc respectively and corporate governance and transparency in the sector have significantly improved.

Privatisations underway include the running of the major airports, the sale of 30pc of the National Lottery and telecommunication companies.

## Population

The current population of Spain is approximately 46 million.

The biggest populated provinces are Madrid, Barcelona, Valencia, Seville, Malaga, Bilbao and Zaragoza.

### Spain: Major Centres of Population

City	Population
Madrid	6,335,780
Barcelona	5,352,037
Seville	1,864,884
Bilbao	1,136,859

Source: Spain Office for National Statistics (January 2011)

## Political Overview

The PP party (Popular Party) was elected in national elections in November 2011 with an overall majority. The economy recovery is the priority of the new Government and Prime Minister, Mariano Rajoy.

The National Parliament (Cortes Generales), formed by the Congress of Deputies and the Senate, is elected every 4 years. Spain is made up of 17 Regions (Comunidades Autónomas), each with their own Parliament. They have responsibility for approximately 35 per cent of all government spending, including health and education. Their responsibilities and ability to raise taxes varies from region to region.

## Getting here and advice about your stay

### FCO Travel Advice

The FCO website has travel advice to help you prepare for your visits overseas and to stay safe and secure while you are there.

For advice [please visit the FCO Travel section](#)

## By air

Most European and many international airlines operate services to the main international airports in Spain: Madrid, Barcelona, Seville, Malaga, Bilbao, Valencia and also Palma de Mallorca (Balearic Islands). All the main Canary Islands have international airports and are served by regular international and regional flight connections. There are also excellent maritime connections with Jet Foil and Ferry services between Islands.

## At the airport

Taxis from Barajas (Madrid airport) to the city centre cost around 30 Euros. The Metro also connects Madrid airport with the city. There is also a bus service from Madrid airport to the city that departs from the arrival level of Terminals 1, 2, 3 and 4, and operates from 5:20am until 23:30pm at intervals of approximately 10 minutes.

Taxis from Barcelona airport to the centre cost around 30 Euros. There is also a bus service that operates every 10 minutes.

## Visas

Visitors: British citizens may visit Spain on production of a valid passport. No further formalities are required.

Consult the [Spanish Embassy](#) website for further information about passport/ visa and work permit/residence requirements.

## Your stay

The most convenient and effective way to travel between cities in Spain is by train, where high speed links exist, and by air. Rail high speed connections exist between major cities: Madrid-Zaragoza-Barcelona, Madrid-Seville, Madrid-Valencia.

Accommodation is cheaper than in London, with the average prices for hotels being 120 Euros per night. All major credit cards are accepted.

## Preparing to Export to Spain

Over the last 20 years, Spain has been one of the European Union's best economic performers. Although it has recently been hard hit by the recession in some sectors, there remain significant opportunities in counter-cyclical sectors, and others where demand is strong and growing. Spain enjoys a long-standing and wide-ranging bilateral relationship with the UK and is a healthy export market.

British companies can approach the Spanish market in a number of ways. Regardless of the type of business, personal contact is very important. It is essential to have a local representative or some form of local presence. The appointment of a local partner/representative is the first step.

The Spanish like to deal with someone with whom they can build up a good working relationship. Good interpersonal skills are therefore important, as well as the technical ability to inspire confidence in the product or service as well as the capacity to make decisions locally. Language aptitude is a distinct plus and for this reason it is helpful to use fluent Spanish speakers where possible in business dealings. It is strongly advisable to quote in Euros.

### **IBERIA:**

#### **Access to Spanish and Portuguese markets through one team**

The UKTI's teams in Portugal and Spain have been integrated into one team, **UKTI Iberia**, to offer better and more cost effective services to British companies and foreign investors. UKTI Iberia's offices in Lisbon, Madrid, Barcelona, Bilbao and Seville provide coordinated services in all of the key markets across the whole of the Iberian region. Those services include the provision of market information, validated lists of agents/potential partners, access to important market players and potential customers, visit programmes and the organisation of promotional events.

You can commission these services under which are chargeable and operated by UK Trade & Investment (UKTI) to assist British-based companies wishing to enter or expand their business in overseas markets. Under this service, the Embassy's Trade & Investment Advisers, who have wide local experience and knowledge, can identify business partners and provide the support and advice most relevant to your company's specific needs in the market.

To find out more about commissioning work, please contact your local UKTI office. See [www.ukti.gov.uk](http://www.ukti.gov.uk)

# How to do business in Spain

## What companies should consider when doing business

Spain has been an EU member since 1986, so European business practises and standards generally apply.

## Gateways/Locations – Key areas for business

Madrid and Barcelona are the two largest commercial centres with a population of 6.3 and 5.3 million respectively. There are also industrial clusters and R&D centres in other major cities including Seville, Bilbao, Valencia and Zaragoza.

## Market entry and start up considerations

The UK and Spain are major trade and investment partners. Spain is the UK's 7th largest export market, and its 7th largest import market. The UK is Spain's 5th largest supplier. Spain and the UK depend significantly on their small businesses (SME's), which in both countries represent 99 per cent of all companies.

British firms who are looking to export direct to Spain normally appoint a distributor or agent who knows the market and is well connected. Local representatives can provide either national or regional coverage. Companies considering more substantial investments can enter joint venture partnerships or set up owned or partly-owned subsidiaries. These fall into various categories of Spanish business entities depending on the requirements of overseas firms and are governed by different regulations.

British companies looking to do business in Spain should research the market thoroughly. The UKTI teams in Madrid, Barcelona, Bilbao and Seville can provide useful advice and point companies in the direction of the various services provided by UK Trade & Investment. They will be able to advise on the best strategy for the Spanish market and on the options open to companies.

The European Union's Commercial Agents (Council Directive) Regulations 1993, governs relations between commercial agents and their principals. The purpose of this Directive is to harmonise the differing laws of Member States and provide a measure of protection for agents.

It is strongly recommended that companies take legal advice when drawing up contracts with agents. Each province in Spain has an official college for commercial agents. Commercial agents must register with the college in their province. Contact details for the colleges in Barcelona and Madrid are as follows:

- Col·legi Oficial d'Agents Comercials de Barcelona: [www.coacb.com](http://www.coacb.com)
- Colegio Oficial de Agentes Comerciales de la Comunidad de Madrid: [www.coaccm.org](http://www.coaccm.org)

## Advertising & Sales Promotion

Spanish should be used as much as possible. The UKTI section at the British Embassy in Madrid is happy to assist with enquiries as to suitable trade press for exporters. British exporters are advised to consult their advertising agents before embarking on an advertising campaign. Useful Advertising Industry Contacts in Spain are available at [AEA](#) (Asociación Española de Anunciantes).

## UKTI's Publicity Service

Through this tailored service, the UKTI section at the British Embassy in Madrid is able to offer companies the opportunity to generate publicity in the Spanish market. They can help with publicising new and innovative products by targeting key trade publications in order to raise the

profile of a company in Spain. Company press releases can be translated into Spanish and distributed to a number of trade publications and other relevant contacts. In addition, the communications officer will make follow up calls to the top publications to draw attention to the company's product or service.

## Internet

Although internet take-up is lower in Spain than in the rest of Europe, around 54% of households are now connected to the internet, marking a 440% growth between 2000 and 2011. 25% of these connections are to high-speed broadband, which is one of the highest in Europe. The Government is trying to promote WI-FI as a way of connecting rural areas to the internet.

## E-Business

95% of Spanish companies have Internet access and approximately 64% have a website or a homepage for public browsing. Online business has increased by 40% since 2008, with profits exceeding one billion Euros in each quarter of 2010. The direct contribution of the internet to the GDP in 2009 was 2.2%.

Spain has been marked 7.24 out of 10 and ranked 25<sup>th</sup> internationally for business environment e-readiness in The Economists 'E-Readiness Ranking 2009'.

## Customs and Regulations

If goods are produced in the UK (or in another EU member state) they are not liable to pay import duty on entry into Spain. If goods have entered the EU from a non-member country and had any necessary import duty paid on them, they can enter Spain without any further import duties being levied.

## Legislation and Local Regulations

For companies from within the EU, there is generally no requirement for prior authorisation of investments in Spain. There are certain exceptions depending on the size and nature of the investment.

In most cases, investments must be registered with the Directorate General of Trade Policy and Foreign Investments and all legal business entities must be registered with the Ministry of Finance. Details can be obtained from commercial posts in Spain or the Spanish Government contacts listed above. The holders of registered foreign investments can transfer capital, dividends, proceeds of sale, etc, abroad without any quantitative limitations subject to payment of any taxes due. Certain minor bank formalities need to be completed for statistical information.

## Labelling and Packaging Regulations

Spain applies EU-harmonized legislation to General Labelling Requirements, Nutritional Labelling, Product-Specific Labelling, GMO and Novel Foods Labelling:

<http://useu.usmission.gov/agri/fairs.html>

The Government of Spain permits multi-language labelling and stickers; however, one of the languages must be Spanish.

Spain applies EU-harmonized legislation to packaging and containers. For detailed information on the EU's harmonized legislation on packaging and container regulations, please consult the EU-27 FAIRS Report <http://useu.usmission.gov/agri/fairs.html> as well as the USEU website [www.useu.be/agri/packaging.html](http://www.useu.be/agri/packaging.html)

## Standards and Technical Regulation

The Spanish Association for Standardisation and Certification is [AENOR](#)

## Taxes

VAT in Spain is known as IVA. The standard rate of 18% applies to the vast majority of goods and services. There is a reduced rate of 7% and a super-reduced rate of 4%.

Examples of products attracting the reduced rate of 7% include food products used for human or animal consumption, water, veterinary products, products to be used in the production of food, seeds and fertilisers. The super-reduced rate applies to standard bread, flours and cereals for the production of bread, milk (in different forms), cheese, eggs, fruit and vegetables, books, periodicals, pharmaceutical products, vehicles for disabled people and prostheses (artificial arms, teeth, etc.) to be used by disabled people.

Since the completion of the Single Market on 1 January 1993, IVA (VAT) is no longer paid at point of entry into Spain. Instead, VAT is now paid as a destination based tax by the importer when they make their VAT returns. It is important when supplying goods to an IVA (VAT) registered customer in Spain that exporters obtain the Spanish importer's VAT number which should subsequently be shown on the invoice. They should also hold commercial documentary evidence that the goods have left the UK. With this information, exporters will be able to zero-rate their goods for UK VAT purposes.

Excise duty is levied on certain goods including alcoholic drinks and cigarettes.

Further information on the Spanish Tax System and Spanish Customs is available at the Spanish Tax Office (Agencia Tributaria) site: [www.aeat.es](http://www.aeat.es)

## Responding to Tenders

All major public projects in Spain select their suppliers of products and services through public tenders published in the Spanish press.

## Recruiting and Retaining Staffing

There are numerous decrees and labour laws governing employment in Spain. But generally recruitment is not a problem. Spain has a skilled workforce. Recruitment agencies are well-established throughout the country and are expanding rapidly. Commercial sections of the various posts in Spain can provide lists of agencies. The national minimum wage in Spain stands at €641.40 a month or €21.38 a day with the employer's normal social security contribution around 24% of the employee's salary. The labour market in Spain is inflexible and dismissal costs are high for permanent staff, though labour market reform is under way.

## Documentation

Goods which are in free circulation within the European Union (ie those which are not liable to pay customs duty in the EU as they either originate there or the duty has already been paid) can move between Member States without any documentation. This does not apply to excise or controlled goods which still need documentation.

However, it is advisable to still send normal commercial documentation with the export (e.g. invoices, packaging lists) for despatches to Spain.

## Getting your Goods to the Market

You will need to get your products and services to the customer on time. The main options for Spain are airfreight, courier/express service, road and seafreight. The decision is based upon a mix of four requirements: speed, cost, reliability and product requirement (e.g. fragile).

For all methods, it is often easier to use a freight forwarder. Forwarders should be approached in the early stages of market research rather than waiting until the goods are ready to go.

## Intellectual Property Rights

For information on registering your Trademark in Spain, you should contact the Office for Harmonisation in the Internal Market: <http://oami.europa.eu/ows/rw/pages/index.en.do>

For information on obtaining a patent in Spain, you should contact OEPM (Spanish Patent Office): [www.oepm.es](http://www.oepm.es). OEPM is under the supervision of the Ministry of Industry and Commerce. The Ministry of Culture is responsible for Copyright and Intellectual Property in Spain.

# Business Etiquette, Language and Culture

## Language

The main business language used throughout Spain is Castilian Spanish (although several of the autonomous regions throughout Spain have their own language, e.g. Basque, Catalan). Most large Spanish firms will have people who can do business in English, but in general English is not widely spoken especially amongst smaller agents or distributors. British firms will therefore need to be prepared to consider methods of communicating in Spanish.

The UKTI staff in Spain can provide details of assistance with foreign language services as part of UK Trade & Investment's services.

## Meetings and Presentations

The normal business hours in Spain are 09.00-14.00, 16.00-20.00 Monday-Friday. From mid-June to mid-September, many offices adopt 'summer hours', typically starting at 08.30 and closing at 15.00. In August, most businesses operate with a skeleton staff.

## Public Holidays

A list of Public Holidays is available on the [UK in Spain](#) site. There are also a number of other regional official holidays.

Avoid taking business trips to Spain in August. Spanish vacations and the heat bring business activity to a virtual standstill. July is also a quiet month, though it is usually possible to do business in the first few weeks.

The Christmas break is also slow for business. In addition to Christmas Day and the New Year's Eve, Spanish people have a third Public Holiday on 6 January (Los Reyes which is the celebration of the Wise Men). As a consequence you should avoid planning business trips between 15 December to 9 January.

Each Spanish autonomous Community has its own Public Holiday. We recommend checking the exact dates with your business partners to avoid any inconvenience.

## Negotiations

Personal contact is an essential part of business in Spain and companies should ensure that they visit the market regularly. It is best not to use a "stock letter" format in correspondence e.g. if samples are sent with an accompanying letter, this should be followed up by a phone call. There is no substitute for face-to-face meetings with Spanish business representatives to break into this market. It can be challenging to elicit a response to initial communication by phone or e-mail.

Spaniards tend to be more formal in personal relations than British. Professional attire is recommended.

You should also be prepared to adapt to Spanish business hours and working practices which differ markedly from those in the UK. Entertaining/eating out is an important aspect of Spanish business life. Restaurant hours are much later than in the UK (lunch often starts between 14.00-15.00 and dinner between 21.30-22.30).

## What are the challenges?

Spain does not present major challenges to UK companies. The Spanish market is open to overseas companies and there are no specific restrictions.

### Getting Paid – Terms of Payment

The most common method of payment from Spain is by open account. The exporter sends the customer an invoice and trusts them to pay as and when instructed. The invoice should state how the payment is to be transferred to the UK (or the UK supplier's local Spanish bank account) and gives the exporter's bank's name and town, the sort code, and the exporter's bank account name and number.

Companies should contact an international branch of their own bank to advise them on the best route for the money to be transferred to the UK. Banks can also give advice on, for example, credit management, short term credit insurance and factoring. Among the UK banks that operate in Spain are Barclays, HSBC and Lloyds TSB.

Credit is an important feature of the market. Many organisations work on 90-120 days, so an allowance for this should be made in the pricing structure. The public sector can take significantly longer to pay.

## How to Invest in Spain

British companies have seen Spain as an important market for many years. But since Spain joined the EU in 1986, the growth in Anglo-Spanish trade and investment has been dramatic. The government of Spain recognizes the value of foreign investment and the economic importance of attracting more. Spanish law permits foreign investment of up to 100 per cent of equity, and capital movements are completely liberalized.

The data analyzed by [Invest in Spain](#) from the Foreign Investment Registry show a strong recovery in foreign investment in Spain, in 2010, compared to 2009. Over the course of 2010, Spain received a total of 23,415 million euros worth of (FDI), which was 41.5% more than in 2009, and confirms a trend towards the recovery of foreign investment in Spain.

Today, **the UK is the 3rd largest foreign investor in Spain in 2010** (source [Invest in Spain](#)), and around 700 UK companies operate in the country –BP, Barclays, BA, Diageo, Easyjet, Vodafone, AB Foods –PRIMARK-, etc...

Spain offers attractive investment opportunities in sectors with great development potential, such as aerospace, biotechnology, ICT, environmental, renewable energies, automotive and the bio-food and bio-agriculture industries. British companies invest especially in production and distribution in a variety of industries such as electricity, real estate, automotive components, financial services, manufacturing and chemicals and service sectors, particularly consultants, project managers, lawyers and property agents (Britain is the first largest overseas investor in property in Spain).

Spain is the world's ninth largest economy, ranks seventh in incoming foreign investment (source *World Investment Report, 2010*). It is a competitive, innovative country with a significant international component. The Spanish tax system is modern and pro-business. The tax burden in Spain, (i.e. tax and social security contributions as a percentage of GDP), is approximately six points lower than in neighbouring countries. Spain's Business Climate [Barometer](#) 2011, drawn up by Invest in Spain in collaboration with IESE Business School, has described the valuation foreign companies with a presence in Spain make of the main factors comprising the business climate of the country annually since 2007. The most striking feature of the last survey is that 37.2% of the companies plan to maintain or increase business in the country in comparison with 27% in 2010. The percentage of companies that intend to cut their workforce decreased, and 60% of companies expect to see their turnover increase the following year.

Foreign companies play a crucial role in the Spanish economy. There are currently 12,000 foreign businesses operating in Spain, employing 1.3 million people. Also, due to their exporting profile, they are essential to the trade balance.

Infrastructures stand out among the key strengths of Spain's business climate and companies have a high-regard for Spain's high-speed rails, airports, and highways. They also point out the high quality of Spain's business schools, the competitive cost of transport and the quality of life. These are areas that also improve their rating compared to last year.

Mercantile courts, work schedule flexibility and redundancy costs, as well as Spanish workers' language skills were seen as the main weakness by foreign investors. Within the context

of the current economic climate, companies also pointed out the need to implement new investment incentives and subsidies, especially in connection with R&D+I related activities.

Spain is an excellent platform from which to gain access to Latin American markets. This is the result of both historic/cultural ties and the large number of bilateral agreements, and offer opportunities for British firms to focus on Latin America in partnership with them.

## Contacts

If you have a specific export enquiry about the Spanish market which is not answered by the information on this report, you may contact:

### **UK Trade & Investment Enquiry Service**

Tel: +44 (0)20 7215 8000

Fax: +44 (0)141 228 3693

Email: [enquiries@ukti.gsi.gov.uk](mailto:enquiries@ukti.gsi.gov.uk)

You will be signposted to the appropriate section on our website, or transferred at local call rate directly to the British Embassy in Madrid.

Otherwise contact the team in Spain directly:

### **UK Trade & Investment Spain**

#### **British Embassy in Madrid**

Paseo de la Castellana, 259-D Torre Espacio

28046 Madrid

Tel: +34 917 146 412

Email: [uktimadrid@fco.gov.uk](mailto:uktimadrid@fco.gov.uk)

#### **British Consulate-General in Barcelona**

Avda. Diagonal, 477-13º

08036 Barcelona

Tel.: +34 93 366 6207

Email: [uktibarcelona@fco.gov.uk](mailto:uktibarcelona@fco.gov.uk)

#### **British Consulate in Bilbao**

Alameda de Urquijo, 2-8

48008 Bilbao

Tel.: +34 94 415 77 11

Email: [bilbao.consulate@fco.gov.uk](mailto:bilbao.consulate@fco.gov.uk)

#### **UK Trade & Investment Office in Seville**

Apartado de Correos 10.090

41080 Sevilla

Tel: +34 95 446 1974

Email: [joe.cooper@fco.gov.uk](mailto:joe.cooper@fco.gov.uk)

## Other useful contacts

The [British Chamber of Commerce](#) (BCC) also supports UK companies in the Spanish market, offering a range of services to assist their members.

### **British Chamber of Commerce in Spain**

Bruc, 21- 1<sup>o</sup> 4<sup>a</sup>

08010 - Barcelona

Tel: +34 93 317 32 20

Email: [britchamber@britchamber.com](mailto:britchamber@britchamber.com)

Web: [www.britishchamberspain.com](http://www.britishchamberspain.com)

The General Directorate for Trade and Investment, at the Spanish Ministry of Economy, in Spain is [Invest in Spain](#). The ICEX Guide to Business in Spain also provides other information useful to the potential investor in Spain.

### **Invest in Spain**

Orense, 58

28020 – Madrid

Tel: +34 91 503 58 00

Web: [www.investinspain.org](http://www.investinspain.org)

### **Embassy of Spain in London**

Economic and Commercial Office

Foreign Investment Services

66 Chiltern Street

London W1U 4LS

Tel: +44 (0)20 7467 2387

Email: [londres@mcx.es](mailto:londres@mcx.es)

Web: [www.comercio.es](http://www.comercio.es)

UK Trade & Investment can help you make the most of these opportunities and help you plan your approach to the market. You can find out more about the range of services available to UK companies trading internationally through your local International Trade Team.

**We hope that you have found this guide useful. For further information, please contact your International Trade Adviser or one of the UKTI team in Spain.**

# Resources/Useful Links

## Country Information:

### BBC Website

[http://news.bbc.co.uk/1/hi/country\\_profiles/default.stm](http://news.bbc.co.uk/1/hi/country_profiles/default.stm)

### FCO Country Profile

<http://www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/country-profile/>

### EU Points of Single contact

[http://ec.europa.eu/internal\\_market/eu-go/index\\_en.htm](http://ec.europa.eu/internal_market/eu-go/index_en.htm)

### Culture and communications

CILT – National Centre for Languages - Regional Language Network in your area:

[http://www.cilt.org.uk/workplace/employer\\_support/in\\_your\\_area.aspx](http://www.cilt.org.uk/workplace/employer_support/in_your_area.aspx)

Kwintessential culture guides:

<http://www.kwintessential.co.uk>

### Customs & Regulations

HM Revenue & Customs:

[www.hmrc.gov.uk](http://www.hmrc.gov.uk)

### Economic Information:

Economist

<http://www.economist.com/countries/>

### Export Control

Export Control Organisation:

<http://www.berr.gov.uk/whatwedo/europeandtrade/strategic-export-control/index.html/strategic-export-control/index.html>

### Export Finance and Insurance:

ECGD

<http://www.ecgd.gov.uk/>

### Intellectual Property

Intellectual Property Office:

[www.ipo.gov.uk](http://www.ipo.gov.uk)

### Market Access

Market Access Database for Tariffs (for non-EU markets only):

<http://mkaccdb.eu.int/mkaccdb2/indexPubli.htm>

SOLVIT – Overcoming Trade Barriers (EU Markets only)

[www.bis.gov.uk/EUMarketAccessUnit](http://www.bis.gov.uk/EUMarketAccessUnit)

### Standard and Technical Regulations:

British Standards Institution (BSI):

<http://www.bsigroup.com/en/sectorsandservices/Disciplines/ImportExport/>

National Physical Laboratory:

<http://www.npl.co.uk/>

Intellectual Property:

<http://www.ipo.gov.uk/>

### Trade Statistics

National Statistics Information:

<http://www.statistics.gov.uk/hub/index.html>

UK Trade Info:

<https://www.uktradeinfo.co.uk/>

### Travel Advice

FCO Travel:

<http://www.fco.gov.uk/en/travel-and-living-abroad/>

NHS:

<http://www.nhs.uk/nhsengland/Healthcareabroad/>

Travel health:

<http://www.travelhealth.co.uk/>

### Business Link: International Trade

Business Link's International Trade pages provide an overview of export basics including licensing, customs procedures, classifying and movement of goods, other regulatory information and export paperwork issues. It also introduces exporters to the UK Trade Tariff.

#### Essential reading for exporters!

Find out more at:

<http://www.businesslink.gov.uk/bdotg/action/layer?r.s=tl&r.lc=en&topicId=1079717544>

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