



U.S. Country Commercial Guides



SPAIN
2018

Table of Contents

<i>Doing Business in Spain</i> _____	4
Market Overview _____	4
Market Challenges _____	5
Market Opportunities _____	6
Market Entry Strategy _____	7
<i>Political Environment</i> _____	8
<i>Selling US Products & Services</i> _____	9
Using an Agent to Sell US Products and Services _____	9
Establishing an Office _____	9
Franchising _____	10
Direct Marketing _____	12
Joint Ventures/Licensing _____	13
Selling to the Government _____	13
Distribution & Sales Channels _____	14
Express Delivery _____	15
Selling Factors & Techniques _____	15
eCommerce _____	15
Trade Promotion & Advertising _____	17
Pricing _____	19
Sales Service/Customer Support _____	21
Protecting Intellectual Property _____	21
Due Diligence _____	23
Principal Business Associations _____	24
Limitations on Selling US Products and Services _____	25
Web Resources _____	25
<i>Leading Sectors for U.S. Exports & Investments</i> _____	28
Aerospace and Defense _____	28
Business Investment Services _____	31
Education and Training _____	34
Energy _____	35
Franchising _____	40
Green Technology _____	46
Outbound Travel and Tourism _____	54
Safety & Security _____	57
Agricultural Sector _____	61
<i>Customs, Regulations & Standards</i> _____	66
Trade Barriers _____	67
Import Tariff _____	69
Import Requirements & Documentation _____	69
Labeling/Marking Requirements _____	71
U.S. Export Controls _____	73
Temporary Entry _____	73
Prohibited & Restricted Imports _____	75
Customs Regulations _____	76
Standards for Trade _____	77

Trade Agreements _____	81
Licensing Requirements for Professional Services _____	81
Web Resources _____	82
<i>Investment Climate Statement</i> _____	83
Executive Summary _____	83
Openness To, and Restrictions Upon, Foreign Investment _____	85
Bilateral Investment Agreements and Taxation Treaties _____	87
Legal Regime _____	87
Industrial Policies _____	92
Protection of Property Rights _____	97
Financial Sector _____	100
State-Owned Enterprises _____	102
Responsible Business Conduct _____	103
Corruption _____	104
Political and Security Environment _____	105
Labor Policies and Practices _____	106
OPIC and Other Investment Insurance Programs _____	107
Foreign Direct Investment and Foreign Portfolio Investment Statistics _____	107
Contact for More Information _____	109
<i>Trade & Project Financing</i> _____	110
Methods of Payment _____	110
Banking Systems _____	110
Foreign Exchange Controls _____	113
Project Financing _____	115
Multilateral Development Banks _____	117
Financing Web Resources _____	117
<i>Business Travel</i> _____	119
Business Customs _____	119
Travel Advisory _____	119
Visa Requirements _____	120
Currency _____	121
Telecommunications/Electronics _____	121
Transportation _____	122
Language _____	122
Health _____	122
Local Time, Business Hours and Holidays _____	122
Spanish National Holidays _____	123
Temporary Entry of Materials or Personal Belongings _____	124
Travel Related Web Resources _____	125

Doing Business in Spain

Market Overview

- Spain, with a GDP of USD 1.3 trillion and a population of 46.6 million people, is the fourth-largest economy in the Eurozone, post-Brexit. Its economy grew 3.1% percent in 2017. Record tourism and export levels, coupled with a revived domestic consumption, helped drive the recovery. Forecasts for the next several years suggest growth around 2.7 percent.
- Spain entered into a recession in the second quarter of 2008, from which it emerged in the third quarter of 2013. Responding to the crisis, the Popular Party (PP) government undertook major initiatives in 2012 to reduce the deficit and reform labor laws, public services, and the financial sector. These reforms have made Spain much more competitive in comparison to costs in other European countries.
- Spain has a structurally high unemployment rate, which economists estimate at 8 percent, but the crisis led to a dramatic rise in unemployment, which grew to almost 27 percent in 2013. The unemployment rate decreased to 16.4 percent in 2017, down from 18.5 percent the previous year.
- Youth unemployment—including those under the age of 25— decreased to 37.5 percent in 2017, down from 42.9 percent in 2016, and 56.9 percent in 2013.
- Spain has traditionally represented a significant export market for the United States. According to the U.S. Department of Commerce, U.S. exports of goods to Spain in 2017 amounted to USD 11.014 billion, up from USD 10.4 billion in 2016. The actual U.S. export numbers to Spain are substantially higher than the reported numbers, since many of Spain's imports from the U.S. arrive in Europe via ports of entry in other European countries. Services exports from the U.S. to Spain continue to be strong at USD 6.7 billion in 2015. Spanish exports to the U.S. in 2017 were USD 15.6 billion.
- As a member country of the European Union (EU), Spain adheres to EU legislation, as is the case of all member countries. The Spanish government generally aligns with the EU consensus, and the Spanish public has broadly favorable views of the EU.
- Investment plays a key role in the bilateral economic relationship. Most of the large U.S. names are present, many of which are in the industrial sector – automobiles, chemicals, pharmaceuticals, industrial machinery, etc. U.S. investment in Spain was estimated at USD 55 billion in 2016. It is estimated that U.S. firms in Spain employ over 163,000 people.
- The presence of large well-known foreign names serves as a catalyst for innumerable local suppliers and service providers and, in almost all cases, increases exports. Over 50 percent of Spanish exports are made by foreign multinationals located in Spain. U.S. investors also hold significant portfolio investment in shares of some of Spain's largest companies.
- Spain's recovery has enabled it to increase its foreign direct investment. Spanish investments in the United States have increased substantially in recent years, making Spain the tenth largest investor in the United States in 2016, according to data from SelectUSA and the U.S. Bureau of Economic Analysis. Much of the investment has taken place in the past seven years, growing from a stock of USD 14 billion in 2006 to USD 67 billion in 2016 (Ultimate Beneficial Owner). The United States is the fifth-largest destination of FDI from Spain, according to data from the Spanish Ministry of Trade.
- U.S. subsidiaries of Spanish firms employed over 81,700 people in the United States in 2015, while contributing USD 1,145 million worth of R&D and USD 880 million to U.S. exports that same year.
- Spanish energy companies have traditionally invested heavily in the United States. The cutting-edge technology of major Spanish multinationals has allowed them to successfully undertake multiple renewable energy projects in numerous states.

- Spanish wind generation companies are in over 20 U.S. states. Spain's premier position in the construction and transportation sectors has also enabled Spanish companies to be in the front line for major infrastructure, railroad and metro projects throughout the country. The success of the larger Spanish multinationals is gradually attracting the interest of their service providers.
- Spain is home to dozens of multinational companies, including five of the world's 10 largest construction companies, and Europe's second largest phone company. Major Spanish firms in the banking, telecommunications, infrastructure and energy sectors have become global leaders. Procurement decisions for these companies continue to be made in Spain.
- The auto equipment and parts sector is another leading sector, ranked the sixth largest in the world by turnover and the third largest in Europe. In terms of total vehicle production, it is the second largest in Europe and the eighth largest in the world.

Tourism has traditionally been one of Spain's most important sectors. The country is the world's second largest tourist destination receiving 82 million foreign visitors in 2017. It ranks second in terms of receipts (expenditures) following the United States. Spain offers excellent potential as a source of visitors to the United States. In 2016, the last year for which data is currently available, a record 801,697 Spanish visited the United States, an increase of 6 percent from 2015's total, making it the 15th largest international market for the United States.

- It is currently the world's 15th largest market for outbound travel to the United States, and the fifth largest in Europe.
- With more than 1,970 miles of high-speed rail, Spain is second only to China in terms of high-speed train infrastructure. Madrid has high-speed train connections with 27 cities.
- Wind energy has been the second source of electrical generation in Spain in 2017. Installed wind capacity was 23,092 MW at the end of 2017. Spain is the fifth country in the world in terms of installed wind power after China, the U.S., Germany and India. Over 22,000 people work in the sector. The Spanish industry exports technology worth over EUR 2.5 billion per year. It invests around EUR 85.5 million annually in R&D. The wind energy contributes about EUR 2.7 billion euros to GDP, accounting for 0.25 percent of Spain's GDP.

Market Challenges

- Cost, financing terms, and after-sales service are important competitive factors. European exporters provide generous financing and extensive cooperative advertising, and most European governments support exporting with trade promotion events. Japanese and Chinese companies are also emerging as formidable competitors. Although U.S. products are well respected for their high level of technology and quality, American firms sometimes fall short of their competitors in flexibility on financing, adaptation of product design to local market needs, and assistance with marketing and after sales service.
- Delays in reimbursement continue to represent a problem, particularly in the public sector, although there were improvements in 2015 as a result of additional legislation being passed to enforce more timely payments by the regional and local governments.
- As a member of the European Union, Spain is a party to the new EU legislation covering broader data protection throughout the EU that came into effect on May 25, 2018. Please check this link for details: <https://www.export.gov/article?id=EU-NEW-DATA-PRIVACY-LEGISLATION-GDPR>
- The economic downturn referred to above resulted in some Spanish companies being reluctant to commit to purchase or represent new products or services. However, due to the continuing economic recovery, and given that developing export sales or distribution channels takes time, export-ready U.S. firms are urged to explore opportunities in Spain and throughout the euro zone.

- Sale of counterfeit goods. Despite high-profile, high-impact raids in 2016, storefronts selling counterfeit goods have reopened and sales have rebounded. The USTR's 2017 Out of Cycle Review (List) of Notorious Markets for widespread sales of counterfeit goods included Spain's *Els Limits de La Jonquera* market in Girona (Catalunya).

Market Opportunities

- Chemicals were the principal U.S. export to Spain in 2017, accounting for 23 percent of total exports, followed by transportation equipment (15.3 percent), agricultural products (fruits and nuts) (9.5 percent), and computer and electronic products (7.6 percent). Primary U.S. exports to Spain have consistently included aircraft and associated parts and equipment, pollution control and water resources equipment, medical products and equipment, outbound travel and tourism, electric power systems, telecommunications equipment, automotive parts and supplies and pharmaceuticals. Other sectors offering good prospects include defense, security equipment, renewable energy equipment and services, e-commerce, and industrial machinery. The service sector is playing an increasingly important role in the Spanish economy (74 percent).
- The U.S. Commercial Service in Spain offers a range of programs tailored to the needs of U.S. companies interested in exporting their products and services to Spain and other European markets. Services provided vary from business intelligence reports to identifying opportunities and potential partners, appointment schedules, and organizing company promotional events.
- Due to the macroeconomic reforms in the financial sector and labor laws, costs have dropped and productivity has increased in comparison to other major markets in the region. These reforms have sharply increased Spain's competitiveness, making it a good market for entry not only into the European region but also for Latin America and Africa.
- Spanish firms are value-added partners for the Latin American and Caribbean markets – their language and cultural skills are a key advantage for developing opportunities in the LAC region.
U.S. Commercial Service Spain has been actively supporting SelectUSA, the federal initiative announced in May 2011 to promote foreign direct investment into the United States on a national level.
- With a reduced availability of credit in the Spanish market, ExIm Bank can now play a more active role in financing exports of U.S. products and services by financing Spanish buyers through loan guarantees. This tool is an attractive alternative for Spanish importers.
- Principal agricultural exports to Spain from the U.S. in 2017 included tree nuts, soybeans and products, distilled spirits, fish products, and forest products, in this order.
- Spain's food, beverage and agricultural processing sectors continue to consolidate its position and importance in the country. Spain has one of the most competitive food processing industries in Europe, which makes this sector an important target for U.S. food ingredient exporters.
- Principal Agricultural Growth Sectors:
 - Seafood
 - Tree Nuts
 - Consumer-oriented Products
 - Distilled Spirits
 - Planting Seeds
- Since June 2012, the U.S.-EU Organic Equivalence Agreement has been in effect. As a result, products certified as organic for one market can be sold as organic in the other market. This partnership, in

combination with the growing demand in the EU, is expected to open new opportunities for U.S exporters.

Note that the Foreign Agriculture Service provides market information for Spain and Portugal. Please visit [Foreign Agricultural Service](#) web to access all these reports.

Market Entry Strategy

- There are 17 autonomous communities in Spain with varying degrees of autonomy and cultural identity. A number of regional markets joined by the two hubs of Madrid and Barcelona make up the Spanish market. The majority of agents, distributors, foreign subsidiaries and government-controlled entities that make up the economic power bloc of the country operate in these two hubs.
- Spanish commercial procedures are in line with the rest of Western Europe, where price and value remain paramount. However, credit terms, marketing assistance and after-sales service are important factors in local purchase decisions. The use of credit to purchase consumer goods is widely accepted in Spain, particularly in the cities, with banks competing to offer coverage.

The Spanish government has eased regulations at all levels and increased incentives in an effort to attract foreign firms and investments. In recent years, investment incentives designed to reward investors for establishing manufacturing operations in less developed areas have dispersed some investment from the major hubs. Except for in a few cases, Spanish law permits foreign investment of up to 100 percent of equity. Unit labor costs have fallen dramatically over the last four years, and Spain has regained most of the competitiveness that it lost during the construction boom in terms of labor costs. However, despite changes in labor legislation, the law remains relatively inflexible.

- Spaniards tend to be more formal in personal relations than Americans are, but much less rigid than they were 10 years ago. The approach to doing business is similar to that of Italy or France. Professional attire is recommended.
- In order to break into this market, there is no substitute for face-to-face meetings with Spanish business representatives. Spaniards expect a personal relationship with suppliers. It can be challenging to elicit a response to initial communication by phone or e-mail. Direct mail campaigns generally yield meager results. Less than 30 percent of local managers are fluent in English.
- Spaniards tend to be conservative in their buying habits. Recognized brands do well. Large government and private sector buyers appear more comfortable dealing with other large, established organizations, or with firms that are recognized as leaders within their sectors.

Political Environment

For background information on the political and economic environment of countries worldwide, please click on the link below to the [U.S. Department of State Background Notes](#).

[Department of State Spain Page](#)

[Department of State Key Officers List](#)

[CIA World Factbook Spain Page](#)

[U.S. Embassy](#)

[History of U.S. Relations With Spain](#)

[Human Rights Reports](#)

[International Religious Freedom Reports](#)

[Trafficking in Persons Reports](#)

[Narcotics Control Reports](#)

[Investment Climate Statements](#)

[U.S. Census Bureau Foreign Trade Statistics](#)

[Export.gov International Offices Page](#)

[Library of Congress Country Studies](#)

[Travel Information](#)

Selling US Products & Services

Using an Agent to Sell US Products and Services

The legislation governing business activities in Spain is similar to that of other OECD (Organization of Economic Co-Operation and Development) countries.

The most common forms of representation agreements in Spain are:

- Commercial Concessions or Exclusive Distribution Agreements: The supplier agrees to provide its products to a number of distributors within a specific territory and agrees not to sell those products itself within the territory of the exclusive distributor(s).
- Sole Distribution Agreement: Includes the provisions in the above-mentioned Exclusive Distributor Agreement, and reserves the right of the distributor to supply certain products to users in the territory of concession.
- Authorized distribution agreements under the selective distribution system: Distributors are selected according to their ability to handle technically complex products and to retain a certain image or brand name.
- Agency Agreements: The agent promotes and sells the products as if he or she is the principal supplier; informs the principal supplier of all matters relating to the agency.
- Commission Agency Agreements: Involve occasional engagements; agent facilitates the conclusion of an agreement but does not ultimately represent either party.
- Models of distribution contracts and clauses are available on-line from [the bookstore of the International Chamber of Commerce](#). It is recommended that contracts be reviewed by legal counsel prior to signature.

EU standards provide protection for self-employed commercial agents, changes in clauses, competition in the internal market, and payment delays. Companies with grievances regarding inefficient management can contact the European Ombudsman, which will investigate cases.

Establishing an Office

There are two options for businesses interested in establishing an office in Spain: incorporating a subsidiary or establishing a branch. Both options have full legal status and their profits are taxable in Spain. It is recommended that companies obtain legal advice to aid in the process.

- A subsidiary can be one of the following: a corporation, a public limited-liability company (Sociedad Anónima, SA) or a private limited company (Sociedad de Responsabilidad Limitada, SL or SRL).
- The structure of the SA is better suited for larger operations and the SL for smaller.
- Corporations (S.A.) and limited liability companies (S.L.) are similar in that the shareholders are not liable for the company's debts and are limited to their contribution. The main differences between these entities are:
 - *Capital* (EUR 60,000/USD 67,800 minimum versus EUR 3,000/USD 3,400);
 - *The number* of founding members (three versus two);

- *Flexibility* permitted at general meetings, transfer of shares and management of an S.L.

The steps to legally establish a branch are:

- *Register company name*: Applications are made at the Central Mercantile Registry. The certification is valid for two months.
- *Declare the investment to the Spanish Ministry of Economy and Competitiveness*.
- *Notarize public deed of incorporation*.
- *Pay asset transfer tax and legal proceedings document tax: These taxes are for new incorporations (roughly one percent of capital stock)*.
- *Request a tax identification number* (locally called NIF – Número de Identificación Fiscal): This must be done within 30 working days from the signing of the public deed. The NIF must be used within six months of application.

Register the company in the Mercantile Registry: This is done at the corporate registry corresponding to the company's official address. On average, it takes two months to complete registration. The Spanish Government and local chambers of commerce have created [the "Ventanilla Unica" \(One Stop Shop\)](#) to simplify the process of setting up a business in Spain.

The Spanish Ministry of Economy and Competitiveness website, *Invest in Spain*, has specific chapters addressing "Establishing a business in Spain" and "Company and Commercial Law". Information in English on how to open a business, or establish an office is available at: [Invest in Spain. Setting up a Business](#)

Franchising

The franchise sector continues to show signs of growth in Spain. With an annual turnover of \$30 billion in 2017, the sector offers good potential for U.S. companies. Please see the Franchise Best Prospect for more details.

When drawing up contracts, franchise companies - whether Spanish, foreign, or the master franchisee - must register with a special administrative Franchisors Registry and need to meet the requirements of the Disclosure of Pre-Contractual Information. The intended franchisee must receive all the required information in writing at least 30 days prior to signing a franchising contract or a pre-contract, or prior to any payment to the franchisor. All new contracts should comply with Spanish and EU legislation. Current contracts should also be reviewed whenever possible.

Franchise Disclosure Rules in Spain

According to current law, the most important considerations are:

- Each franchisor must disclose how long he/she has been managing the franchised business in question prior to disclosure;
- Master franchisees are obliged to annex to their disclosure document a copy of his/her Master Franchise Agreement;

- Foreign companies must translate all legal documents into Spanish and register them together with the original language versions;

Additionally, each franchisor may voluntarily register the following information:

- The company's quality certifications;
- Any mediation or ADR (Alternative Dispute Resolution) systems in use in the franchise network;
- Whether the franchisor observes a Code of Conduct;
- Whether the franchisor participates in the consumers' arbitration system or any other system to settle consumer complaints. Both sides must decide in which country (ies) the arbitration method will apply, if needed.

On May 28, 2014, the Spanish Franchise Association (Asociación Espanol de Franquicias – AEF) entered into an agreement with the World Intellectual Property Organization (WIPO) to promote arbitration in master franchise agreements. Franchise lawyers will be fully trained on ADR WIPO proceedings and the AEF will collaborate to verify that a potential arbitrator is experienced enough to be nominated as a WIPO arbitrator.

The World Intellectual Property Organization Copyright Treaty (WIPO Copyright Treaty or WCT) is an international treaty for copyright law. It provides additional protections for copyright, e.g. ensuring that computer programs are protected as literary works (Article 4), and that the arrangement and selection of material in databases is protected (Article 5). It provides authors of works with control over their rental and distribution (Articles 6-8) which they may not have under the Berne Convention alone. It also prohibits circumvention of technological measures for the protection of works (Article 11) and unauthorized modification of rights management information contained in works (Article 12).

Legislation regulating franchise matters in Spain includes:

- Article 62, of Law 7/1996, of 15th January, of Retail Sector Management.
- Royal Decree-Law 201/2010, of 26th February, regulating the exercise of commercial activity under a franchise regime and the communication of data to the Registry of Franchisors.
- Law 14/2013 of 27th September, Support for Entrepreneurs.
- Law 20/2013 of 9th December, Warranty of Market Unity.
- The public institution which manages the [Registry of Franchisors](#) is The Directorate General for Internal Trade of the Ministry of Economy and Competitiveness. This is the public registry to which franchisors must communicate the beginning of the franchising activity in Spain.

Companies are advised to have all new contracts drawn up in compliance with Spanish and EU legislation, and to have current contracts reviewed whenever possible.

The U.S. Commercial Service Spain advises all U.S. companies to consult with a local legal office to ensure this compliance.

For more information on specific opportunities, trade shows and customized CS services, see the franchise leading sector below.

Direct Marketing

Direct marketing in general continues to be an important promotional activity in Spain despite the steady progress of e-commerce. Spain is now the fourth largest B2C market in the EU, behind UK, Germany and France. Investment in non-traditional marketing continued to increase, reaching Euros 6.93 billion (USD 7.83 billion) in 2017, an increase of 1.5 percent over the previous year. The main categories include: personalized marketing, up by 3.3 percent to Euros 2.1 billion (USD 2.4 billion); on-site advertising, up by 2.59 percent to Euros 1.63 billion (USD 1.84 billion); telemarketing up by 3.2 percent to Euros 1.43 billion (USD 1.44 billion), and mobile marketing up by 12.1 percent to Euros 37.3 million (USD 42 million).

The wide range of EU legislation covering the direct marketing sector is applicable in Spain. Companies are required to provide full and transparent information to consumers prior to the purchase, as well as detailed information on the procedures followed to collect and use customer data. Compliance requirements are stiffest for marketing and sales to private consumers. New legislation came into effect in 2014 regarding distance selling to consumers and doorstep selling, along with unfair contract terms and consumer goods and associated guarantees. The Directive stipulates core information to be provided by traders prior to the conclusion of consumer contracts, as well as regulating the right of withdrawal. The Directive also includes rules on the costs for the use of means of payment and bans pre-ticked boxes.

The EU has a single rulebook, titled “the Consumer Rights Directive”. It covers important areas of Distance Selling to Consumers, Doorstep Selling, Financial Services, and E-Commerce. Consumers have the right to turn to quality alternative dispute resolution entities for all types of contractual disputes including purchases made online or offline, domestically or across borders. The platform to handle online dispute resolutions became operational at the end of 2015.

Key Links:

[Consumer Affairs Homepage](#)

[Consumer Rights](#)

Trust is an important competitive factor in this market. The Spanish E-Commerce and Direct Marketing Association (Asociación Española de la Economía Digital) places importance on generating greater consumer confidence and requires members to follow a number of ethical codes, including a code of self-regulatory rules for electronic advertising.

As indicated in Chapter 1, new EU legislation (General Data Protection Regulation (GDPR) covering data privacy came into effect in May, 2018, replacing the previous data protection Directive 1995/46. The GDPR applies in all member-states of the EU, including Spain. It is a horizontal privacy legislation that applies across sectors and to companies of all sizes.

Distance Selling of Financial Services

Financial services are covered by a separate directive (2002/65/EC), designed to ensure that consumers are appropriately protected in transactions where consumer and the provider are not face-to-face. In addition to prohibiting certain abusive marketing practices, the [Directive](#) establishes criteria for the presentation of contract information.

Joint Ventures/Licensing

License contracts in Spain may include industrial property rights (patents, utility models, and trademarks), intellectual property rights (rights of use for literary, scientific, artistic works, or software), know-how, or other uses of technology. The Spanish system allows for flexibility when negotiating the terms and conditions of the agreement. Common clauses include:

- Exclusivity clauses, including exclusive purchase obligations.
- Measures to limit a licensor's commercial activity.
- Confidentiality and non-compete obligations.
- Obligations relating to improvements and innovations (this includes updating the rights granted to the licensee and communicating to the licensor innovations developed by the licensee).
- Restitutions, in case of breach of contract.

U.S. companies can also enter the Spanish market through joint ventures.

Selling to the Government

Spanish Government procurement follows the principle of best value through competition. There is no official domestic preference policy, or discrimination against foreign suppliers, however the Spanish Government does encourage "full and fair opportunity" for Spanish suppliers.

In Spain, all levels of administration -- central government, autonomous communities, municipalities and companies with at least 50 percent government ownership -- have to follow specific procurement practices as regulated by the [2017 Law of Contracts of the Public Sector, Law 9/2017](#) of November 8 (Spanish). The authorities allowed to contract or require funds on behalf of the Government are:

- Central Government: Ministers and State Secretaries
- Autonomous Communities: Legal representatives as established by the local government (usually a member of the cabinet) Municipalities: Mayor or any other formally designated official
- State-owned companies: Chief Executive Officer

The bidding procedure for a specific tender is relatively straightforward. All proposals for bids are confidential and must be accompanied by proper documentation. This information should include:

- Accreditation of the legal representation used by the company.
- Proof of economic and financial ability to meet all obligations and technical or professional competence plus a declaration that the company is not prohibited from contracting.
- Proof that a provisional guarantee, as required by the conditions of participation, has been deposited. For foreign companies, formal acceptance of the jurisdiction of the Spanish courts (if necessary).
- Accreditation that all fiscal and social security obligations have been met.

U.S. companies interested in bidding for contracts with the Public Administration must comply with the Spanish Public Sector Procurement Law (Ley de Contratos del Sector Público). Companies must also document their compliance with the [Spanish Embassy in Washington, D.C.](#)

Embassy of Spain

Commercial Section

2558 Massachusetts Ave. NW Washington, DC 20008-2865

Tel: (202) 265-8600;

Fax: (202) 265-9478

Procurement decisions are normally made at the respective department or agency level. For some categories of products, however, the Spanish Sub-Directorate of Procurement has opened a centralized bidding mechanism that uses an on-line register for bidders and open bids. These categories include computers, vehicles, office equipment and heating.

EU Procurement

The U.S. and the EU both participate in the World Trade Organization's (WTO) Government Procurement Agreement (GPA). This means that U.S.-based companies are able to bid on supplies and services contracts from European public contracting authorities. However, there are restrictions for U.S. suppliers in the EU utilities sector, both in the EU Utilities Directive and in the EU coverage of the GPA.

For more information, please visit the [EU public procurement website of the U.S. Commercial Service at the U.S. Mission to the European Union.](#)

Distribution & Sales Channels

Sales channels to consumers have developed significantly in the last few years. While the traditional method of wholesalers selling directly to small shops continues, online sales and shopping malls are growing rapidly throughout the country.

Madrid and Barcelona are the two major hubs for the regional market. The majority of agents, distributors, foreign subsidiaries, and foreign trade related entities are present in both cities. The section "Regions" in the website "[Invest in Spain](#)" includes details on each Spanish region, including main sectors of opportunity and investment incentives.

Price is a very important factor in the Spanish, as in the Western European market. Although EU member states' exports to Spain have lower tariffs than those imposed on U.S. goods because of the EU's common External Tariff, the dollar-euro exchange rate and possible lower production costs keep U.S. companies competitive with EU exports.

ExIm Bank can now play a more active role in financing exports of U.S. products and services by financing Spanish buyers through loan guarantees.

Express Delivery

Major global organizations such as DHL, FedEx, UPS, ARAMEX and others operate in Spain and offer express delivery services. Transit times vary but for packages shipped from the U.S. to Spain, the average time is 2-3 days, not including the customs clearance process. Express service points are serviced at several locations around the country.

Customs procedures and requirements are standard and can be found on the [Spanish Customs Website](#).

Selling Factors & Techniques

Relationships are still very important in selling in Spain, sometimes as important as price or quality, especially in large account sales.

The decision-making process within a Spanish company is different from that in the United States:

- In Spain, top executives often make decisions that would typically be made at lower levels elsewhere.
- These executives take action after review by different departments, making the sales process longer.
- An initial "yes" can mean that the company will study the situation, but not necessarily that it will buy the product.

Additionally, once the Spanish potential partner of a U.S. firm has agreed to start a commercial relationship, the Spanish company normally expects the U.S. firm to translate all commercial brochures, technical specifications and other relevant marketing materials into Spanish. Decision makers at the Spanish firm may do business in English with the U.S. firm, but the communication from the U.S. firm to its clients should come in Spanish, if possible, due to an overall lack of proficiency in English.

Department stores, hypermarkets, shopping centers and very specialized outlets are introducing the customer fidelity concept, including client cards, cumulative discounts and special offers for frequent customers. E-commerce is having an effect on some traditional segments of the direct marketing sector, such as mail order. Selling techniques, taking into consideration local tastes, are very similar to those in the rest of the Western world.

eCommerce

Overview

During 2017, the Spanish eCommerce sector grew significantly, both in the B2C and B2B areas. It has experienced double-digit growth even during the past economic downturn. The sector remains highly competitive and offers opportunities for U.S. companies.

For reference purposes, Spain is considered the fourth largest B2C market in the EU, behind UK, Germany and France. Internet penetration in Spain is estimated to be 85 percent.

Current Market Trends

There are three main trends in the Spanish eCommerce market at present: first, logistics has become a critical differentiator for Spanish sellers since the introduction of Amazon's prime service. Secondly, Spain is considered to have one of the largest smartphone penetration rates in Europe, fuelling mCommerce growth. Lastly, as the market expands, the need to integrate analytics, artificial intelligence, big data and chatbots is more relevant to industry participants.

Domestic eCommerce (B2C)

Top product categories for online purchases by consumers were travel and hotel, direct marketing, ticket services, electronics, clothing and food. Credit cards were one of the most widely used payment methods. The Spanish Markets and Competition Commission has developed detailed [statistical data](#) by quarter, based on credit card payment information for e-commerce transactions.

For consumers, while in Europe the online seal of confidence is "TrustedShops". In Spain the most widely used one is called "Confianza Online".

Cross-Border eCommerce

The large majority of cross border ecommerce is completed with other EU countries, representing over 92 percent of the total cross-border amount.

B2B eCommerce

According to the [Spanish Statistical Office](#), over 20 percent of companies with more than 10 employees made sales in 2016 through ecommerce, while 31 percent made purchases.

eCommerce Services

There has been a significant recent growth in the number of companies and depth of their eCommerce-related services offered in Spain related to logistics, shipping warehousing and fulfillment. The U.S. Commercial Service can assist in identifying a reliable partner.

eCommerce Intellectual Property Rights

Spanish patent, copyright, and trademark laws approximate or exceed European Union levels of intellectual property protection. Spain is a party to the Paris Convention, Bern Convention, the Madrid Accord on Trademarks and the Universal Copyright Conventions.

Please refer to the "Protection of Property Rights" section in the Country Commercial Guide for Spain, as it contains detailed information on Protecting your Intellectual Property in Spain.

Popular eCommerce Sites

- [Amazon](#)
- [Ebay](#)

- [El Corte Ingles](#)
- [Mediamarkt](#)
- [PC Componentes](#)
- [Vente-Privee.com](#)
- [Zalando](#)
- [Zara](#)
- [Carrefour](#)

Online Payment

The preferred online payment method for consumers in Spain, estimated at 90 percent of the total, is by debit/credit card, followed by Paypal. Ecommerce players are adding new payment/consumer financing options to improve conversion rate.

Mobile eCommerce

The growth of Mobile eCommerce is significant in Spain, and most retailers are adapting their online presence to this segment, not only because of the change in the ranking algorithms at search engines, but because it is a well adopted trend by end users. The estimation is that nearly fifteen percent of sales at online stores were generated through smartphones/tablets in 2016.

Digital Marketing

Digital ad spending in Desktop and Mobile is estimated at 1.5 Billion Euros in 2016, with search-related spending representing 783 Million Euros, according to IAB Spain Digital Ad Spending Report.

Major Buying Holidays

- Epiphany/Day of Three Kings (January 6, 2019)
- Valentine's Day (February 14, 2019)
- Father's Day (March 19, 2019)
- Mother's Day (May 5, 2019)
- Black Friday / Cyber Monday (November 28, 2019) - While Thanksgiving is not a holiday in Spain, there has been increased adoption in the market as a pre-Christmas sales driver since 2012.
- Christmas (December 25)

Social Media

Eighty six percent of Internet users (16-65 years old) use social media tools, representing more than 19 million users in Spain. Facebook is the most used social media tool in Spain (91 percent), followed by WhatsApp (89 percent), YouTube (71 percent), Twitter (50 percent), and Instagram (45 percent), according to the Annual Report of Social Networks released by IAB Spain.

Trade Promotion & Advertising

CS Spain's primary objective is to help small and medium-sized businesses (SMEs) to enter the Spanish market. One of our most valuable tools is counseling, including identifying the best possible trade promotion strategies for specific products or services.

We offer a wide variety of services to facilitate U.S. exports to this market and others within Europe. Visit our [website](#) to learn more about our services, or [contact our office](#).

Commercial Service Madrid has close relationships with the main trade fair authorities, i.e. in Madrid, Barcelona, Valencia and Bilbao and actively supports leading trade shows in these cities.

The News Media

Spain has more newspapers and magazines per capita than any other European country. However, only 25.6 percent of Spaniards read the newspaper every day, a number that has been steadily decreasing for the past nine years. Despite low readership, newspapers still shape the news agenda and program content of broadcast media. Spanish newspapers tend to have an editorial line that favors a particular political group.

The main newspapers are:

- [El País](#) – center-left, regarded as the nation’s paper of record
- [El Mundo](#)- center-right
- [ABC](#) – center-right
- [La Razón](#) – center-right
- [La Vanguardia](#) – centrist, based in Barcelona
- [El Periódico](#) – center-right business journal

More than 140 different dailies (mainly local or regional) plus six supplements are published in Spain. Sports daily newspaper Marca rates as the most popular (readership 2,062,000). Despite Spain’s on-going recovery from the financial crisis of 2008, Spanish newsrooms still suffers the effects of a downsizing industry, where news consumption shifts from print to on-line. Newspaper companies have seen their advertising revenues reduced by more than 30 percent and all have suffered the impact of fleeing readers that now get their news from the internet (73.5 percent). Digital-only platforms, led by www.elconfidencial.com, have become leading players in the Spanish news market. All national dailies have on-line news sites, most popular among younger audiences. While these sites have growing readership, news agencies face the challenge of how to monetize their platforms beyond on-line advertising. Several outlets are considering the creation of pay walls to access their sites, but worry about the loss of market share given the broad availability of free news on-line.

According to figures from the Journalists Association of Madrid, at least 14,000 journalists have lost their jobs in the last 6 years and 375 media outlets have closed, including two of three major free newspapers and numerous special interest magazines. Media groups have all implemented cost-cutting programs that have considerably reduced newsroom staff, including a layoff program for 149 journalists in Spain’s leading newspaper, El Pais two years ago.

Six major media holding companies own most of the media outlets in Spain. They are:

- [Grupo Prisa](#)
- [Grupo Godó](#)
- [Grupo Zeta](#)

- [Grupo Planeta](#)
- [Vocento](#)
- [Grupo Voz](#)

Virtually every Spanish home has a television (99.7 percent) and it is the most followed media (86.8 percent of all Spaniards). Peak viewing hours are between 2:00-4:00 p.m. and 9:00-11:30 p.m. State-run [Radio Televisión Española](#) (TVE 1 and TVE 2) and regional stations run by the autonomous governments have been supplemented by five national private commercial channels: [Telecinco](#), [Antena 3](#), [La Sexta](#) and [Cuatro TV](#) (in order of audience). A merger between Telecinco and Cuatro was finalized in 2010; both stations remain on the air. A second merger took place in 2011 between Antena3 and La Sexta in response to the latter's dire financial situation.

About 59.5 percent of Spaniards listen to radio every day for almost two hours, mostly on FM channels, and radio remains the most-trusted news medium. Peak listening hours are early in the morning and late at night. Major radio stations and wire news services include:

Privately owned stations:

- Cadena [SER](#), is the leading Spanish radio station with an average audience of 4.1 million listeners
- [COPE](#). Has surpassed Onda Cero as the second most popular station in the past year and currently has 2.6 million listeners.
- [Onda Cero](#), is down to third with to 1.7 million listeners.

Government-owned station:

- [RNE](#), 1.2 million listeners.

Privately owned wire news service:

- [Agencia EFE](#)

Government-owned wire news services:

- [Europa Press](#)
- [Colpisa](#)
- [Servimedia](#)

The [U.S. Embassy's Public Diplomacy \(PD\)](#) section maintains active relations with the full range of Spanish media. PD actively pursues placement of policy and program material in the major Spanish media, primarily on foreign affairs, security, and international trade issues.

Pricing

Pricing practices in Spain are similar to those of the United States, although markups tend to be slightly higher. There is greater transparency in agent and distributor commissions in Europe in comparison with the United States.

Products and services in Spain are subject to Value Added Tax (VAT, or IVA in Spanish). Presently, the general VAT rate is 21 percent.

- VAT on some healthcare products is 21 percent, i.e. medical equipment and instruments, pharmaceutical products, etc.
- A reduced rate VAT of 10 percent is applied to certain goods and services including ingredients, animals and vegetables used for food products for humans and animals, goods used for agricultural activities, medicines for veterinary purposes, certain healthcare products, i.e. prescription glasses, prostheses, wheelchairs, crutches, bandages, etc.
- An extra-low rate of 4 percent is applied to basic foodstuffs such as bread, dairy products, eggs, fruit and vegetables, books and newspapers. Numerous items previously taxed at this extra low rate are now subject to the full 21 percent.
- VAT is not imposed in the Canary Islands, Ceuta and Melilla, but a general indirect tax is imposed in the Canary Islands. This tax was also increased in 2012, with the reduced rate increasing from 2 to 3 percent, the standard rate from 5 to 7 percent, and the increased rates from 9 to 9.5 percent and 13 to 13.5 percent.

[Additional details on the VAT regime in Spain and on the Spanish taxation system](#)

Payment terms are usually based on 15, 30, 60, and under certain circumstances, 90-day terms. Although there is an EU directive covering payments, common practice in Spain is that large corporations and large retailers negotiate or impose longer payment terms of up to four to six months. The Spanish government has deferred payments in the past.

The current repayment time allowed is:

- Private companies up to 60 days
- Public administrations up to 30 days
- Public works up to 60 days.

The economic crisis (2008-2014) caused the payment situation in Spain to deteriorate considerably, with reimbursement in the public sector substantially exceeding the stipulated timeframe. The Government authorized special funding in early 2014 to liquidate outstanding reimbursements by public administrations. Legislation was also enacted to try to ensure that future obligations be met in a timely manner.

The EU also looks to combat payment delays. All commercial transactions within the EU, whether in the public or private sector, primarily dealing with the consequences of late payment, are covered by Directive 2011/7/EU. Transactions with consumers, however, do not fall within the scope of this Directive.

Directive 2011/7/EU entitles a seller who does not receive payment for goods and/or services within 30 days of the payment deadline to collect interest (at a rate of 8 percent above the European Central Bank rate) as well as EUR 40 as compensation for recovery of costs. For business-to-business transactions, a 60-day period may be negotiated subject to conditions. The seller may also retain the title to goods until payment is completed, and may claim full compensation for all recovery costs. [More information on the EU Directive on payment delays](#)

Sales Service/Customer Support

Spanish consumers are becoming more demanding when it comes to after-sales and customer service. At the industrial level, service and technical support remains an important competitive factor. After-sales service is a requisite for government procurement.

Customer service is not as developed as it is in the United States; though, the larger department stores and new retailers (usually foreign) have return policies similar to those in the United States. In recent years, customer and end-user organizations have gained ground in their effort to acquire greater protection and fair treatment for consumers. These entities are similar to the Better Business Bureaus. [OCU \(Organización de Consumidores y Usuarios\)](#) is the best organized of these entities.

OCU, Organización Consumidores y Usuarios
Calle Albarracín, 21
28037 Madrid
Tel: 902 300 187
Fax: 917 543 870

The producer is liable for damage caused by a defect in his product under the 1985 Directive on [Liability of Defective Products](#). The victim must prove the existence of the defect and a causal link between defect and injury (bodily as well as material). A reduction of liability is granted in cases of negligence by the victim.

Product Safety

The [EU General Product Safety Directive](#) requires the producer and distributor to notify the Commission in case of a problem with a given product. The Directive also includes provisions on product recalls, the creation of a European Product Safety Network, and a ban on exports of products to third countries that are not considered safe in the EU.

Legal Warranties and After-Sales Service

Under the 1999 Directive on the Sale of Consumer Goods and Associated Guarantees, professional sellers are required to provide a minimum **two-year warranty** on all consumer goods sold to consumers. The remedies available to consumers in case of non-compliance are:

- Repair of the good(s);
- Replacement of the good(s);
- A price reduction; or
- Rescission of the sales contract

Protecting Intellectual Property

IP rights must be registered and enforced in Spain as U.S. trademark and patent registrations will not protect you in Spain. In any foreign market companies should consider several general principles for effective management of their intellectual property. For background on these principles and IP resources please link to our article on [Protecting Intellectual Property](#) and also [Corruption](#).

Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

[Granting or registering patents is generally based on a first-to-file basis](#). Similarly, registering trademarks is also based on a first-to-file basis, so you should consider how to obtain patent and trademark protection before introducing your products or services to the Spanish market. Intellectual property is primarily a private right and the U.S. government cannot enforce rights for private individuals in Spain. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Spanish law. The U.S. Commercial Service can provide a list of local lawyers upon request.

Businesses may seek a trademark valid throughout the EU via the [Office for Harmonization in the Internal Market \(OHIM\)](#), headquartered in Alicante, Spain.

Office for Harmonization in the Internal Market (Trade Marks and Designs)
Avenida de Europa, 4
E-03008 Alicante
Tel: (34) 96-513-9100

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Spain require constant attention. Work with legal counsel familiar with Spanish laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Spain or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- The National Association for the Defense of Trademarks (ANDEMA)
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)

- Biotechnology Industry Organization (BIO)

IP Resources

[A wealth of information on protecting IP is freely available to U.S. rights holders.](#)

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For background, please link to our article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#) for more resources.

IP Attaché Contact for Spain:

Susan F. Wilson

European Union, European Commission and Turkey

U.S. Mission to the European Union

Boulevard du Régent 27

BE-1000

Brussels, Belgium

OFFICE PHONE: +32 2-811-5308

[EMAIL](mailto:Susan.Wilson@trade.gov) : Susan.Wilson@trade.gov

Due Diligence

Product safety testing and certification is mandatory for the EU market. U.S. manufacturers and sellers of goods have to perform due diligence (act with a certain standard of care) in accordance with mandatory EU legislation prior to exporting.

CS Spain provides International Company Profiles and input from a qualified local credit-reporting agency. Commercial information and financial reporting are also available from the private sector or local chambers of commerce.

Key links:

- [Informa](#)
- [Axesor](#)

A complete list of credit reporting agencies may be obtained from [CS Spain](#).

Local Professional Services

Local service providers focusing on EU law, consulting, and business development can be viewed on the website maintained by the [Commercial Service at the U.S. Mission to the European Union](#).

It is recommended to acquire local legal advice before entering into any complex business transaction in Spain. A local attorney can guide and assist in the establishment of a subsidiary or a branch, carry out business transactions, represent a company in government contracts or establish residency in Spain.

[A list of attorneys by legal specialty is available on the U.S. Embassy website](#)

[Information on useful service providers available on CS Spain's website](#)

Principal Business Associations

Associations

[CEOE – Spanish Confederation of Employers' Associations](#)

[Spanish Better Business Bureau](#)

[Spanish E-commerce & Relational Marketing Association](#)

[Spanish Federation of E-Commerce and Direct Marketing](#)

[Spanish ICT Association \(AETIC\)](#)

[Spanish Internet Companies Association \(ANEI\)](#)

[Association of Telecommunications Service Providers – ASTEL](#)

[Spanish Franchiser Association](#)

[The Spanish Federation of Manufacturers, Exporters and Importers of Medical Devices \(FENIN\)](#)

[Spanish Tourism Office](#)

[Office of Tourism](#)

[Federación Española de Industrias Alimentarias y Bebidas \(FIAB\)](#) *(Spanish Food and Drink Industry Federation)*

[Asociación Española para el Comercio Exterior de Cereales y Productos Análogos \(AECEC\)](#) - *(Spanish Cereal Trade Association)*

[Almendrave](#) *(Almonds and Hazelnuts Exporters/Importers Association)*

[Confederación Española de Alimentos Compuestos para Animales](#) *(Spanish Federation for Prepared Foods, for Animals)*

[Federación de Industrias Lácteas](#) *(National Federation of Dairy Industries)*

[AFOEX](#) *(Oilseed Crushers Association)*

[Asociación Española de Importadores de Maderas](#) *(Spanish Timber Importers Association)*

[ANOVE](#) *(National Seed Breeders Association)*

[Asociación Industrial del Textil del Proceso Algodonero](#) *(National Cotton Processors Association Center)*

[Asociación de Transformadores de Maíz Vía Húmeda \(HUMAIZ\)](#) *(Wet Millers Corn Association)*

Grain Marketing

[Llotja de Cereales de Barcelona](#) (*Cereal Market of Barcelona*)

Chambers of Commerce

[American Chamber of Commerce in Spain](#)

[Spain-U.S. Chamber of Commerce](#)

[Cámara de Comercio de España](#) (*Spanish Chamber of Commerce*)

[Cámara Oficial de Comercio e Industria de Madrid](#) (*Madrid Chamber of Commerce and Industry*)

[Cámara Oficial de Comercio, Industria y Navegación de Barcelona](#) (*Barcelona Chamber of Commerce, Industry and Navigation*)

[Cámara Oficial de Comercio, Industria y Navegación de Bilbao](#) (*Bilbao Chamber of Commerce, Industry and Navigation*)

Limitations on Selling US Products and Services

There are no sectors or services where only Spanish citizens are allowed to own or sell.

Web Resources

United States:

[U.S. Embassy in Spain](#)

[U.S. Department of Commerce's web page for exporters](#)

[U.S. Department of Commerce in Spain](#)

[U.S. Commercial Service, USEU](#)

[Safe Harbor](#)

[IPR Toolkit](#)

Spain:

[Spanish Embassy in Washington, DC](#)

[Spanish Ministry of Industry, Commerce and Tourism Guide to Investing in Spain](#)

[Data Protection Agency](#)

[Industrial Property Office](#)

[One Stop Shop](#)

[Spanish Regions](#)

Associations:

[Spanish Federation of E-Commerce and Direct Marketing](#)
[Spanish Better Business Bureau](#)
[Legislation: Telecommunications, Technology and Internet Law](#)

European Union:

[Coordination of the laws of the member states relating to self-employed commercial agents](#) (Council Directive 86/653/EEC)
[Directive on Late Payment](#)
[European Ombudsman](#)
[EU's General Data Protection Directive](#) (95/46/EC)
[Safe Harbor](#)
[Information on contracts for transferring data outside the EU](#)
[EU Data Protection Home Page](#)
[Distance Selling Rules](#)
[Distance Selling of Financial Services](#)
[E-commerce Directive](#) (2000/31/EC)
[VAT on Electronic Service](#)
[The Unfair Commercial Practices Directive](#)
[Information to Patients - Major developments](#)
[Nutrition and health claims made on foods - Regulation 1924/2006](#)
[Regulation on Food Information to Consumers: Regulation 1169/2011](#)
[EU-27 FAIRS EU Country Report on Food and Labeling requirements](#)
[Guidance document on how companies can apply for health claim authorizations - Summary document from EFSA](#)
[Health & Nutrition Claims](#)
[Tobacco](#)
[Product Liability](#)
[Product Safety](#)
[Legal Warranties and After-Sales Service](#)
[Copyright](#)
[Harmonization of certain aspects of Copyright and related rights in the Information Society - Copyright Directive \(2001/29/EC\)](#)
[Industrial Property](#)
[Trademark](#)
[European Patent Office \(EPO\)](#)
[Office for Harmonization in the Internal Market \(OHIM\)](#)
[World Intellectual Property Organization \(WIPO\) Madrid](#)

Leading Sectors for U.S. Exports & Investments

Aerospace and Defense

This is a best prospect industry sector for Spain, including a market overview and trade data.

Overview

	2015	2016	2017 (estimated)	2018 (estimated)
Total Market Size	8,212,096	8,355,687	9,191,255	10,110,381
Local Production	9,977,128	10,728,000	11,800,800	12,980,880
Imports	2,933,638	3,811,759	4,192,934	4,612,227
Exports	4,698,671	6,184,072	6,802,479	7,482,726
Exchange Rate - Euro 1: USD: 1.00	1.1095	1.1069	1.1297	1.23

\$US thousands (total market size = (total local production + imports) - exports)

Data Sources: Unofficial estimates based on information from sector sources, including TEDAE (Spanish Association for Defense, Aeronautics and Space) and Cámara Oficial de Comercio, Industria, Servicios y Navegación de España

Data for 2017 available in July 2018. U.S import figures include aeronautics only

Lower USD estimates reflect the large change in dollar/euro exchange rate

Spain has a highly advanced aerospace industry that offers excellent opportunities for foreign companies. Sales reached an estimated USD 10.7 billion in 2016 and the sector employs more than 55,800 workers. It is characterized by rapid growth in recent years and significant investment in R&D, up to 10.5 percent of turnover in aeronautics and 12 percent in space. The volume of business grew by 10.2 percent when compared to the previous year.

Spain's aerospace industry is currently ranked 5th in Europe in terms of turnover and 8th in the world. Activity is concentrated in:

- Madrid (49.4 percent of total sales)
- Andalusia (21.7 percent)
- Castilla La Mancha (12 percent)
- Basque Country (9.9 percent)
- Catalonia (1.4 percent)

Source: ICEX (Spanish Trade & Investment Institute)

Spain, as one of the leading five European players in civil and military aeronautics, participates actively in the main European aeronautics initiatives. Over the last decade, Spain has experienced a significant increase in

participation in programs of civil aviation and military aircraft, so much so that its workforce has increased by 65 percent since 2000.

The Spanish space industry is primarily involved in contracts of high added value in the areas of qualification of flight and ground equipment and the development and operation of satellite systems. There are also several space centers located in Spain, the most important being the European Space Astronomy Center (Madrid) and the Madrid Deep Space Communication Complex (NASA) and Boeing's European Center for Research and Technology located in Madrid. Boeing's European Center for Research and Technology areas of action include Air Space Management, Safety, Unmanned Aerial Systems (UAS), Security, and Sustainable Environment.

Leading Sub-Sectors

Key Areas of Activity for Spanish Aerospace Companies:

Aeronautics Sales by Segment

Aircraft and Systems	75%
Engines	13%
Equipment	12%

Total: USD 9.8 billion

Space Sales by Segment

Satellite Systems	36%
Satellite Operations	35%
Ground	16%
Provision of Services	7%
Launch Equipment	6%

Total: USD 939 million

Source: TEDAE

Spanish aeronautics covers the entire value chain of an aircraft which makes it well positioned in the global context. The established aeronautics companies in Spain stand out in several fields, including military transport and special mission aircraft, low pressure turbines, maintenance, repair and operation activities, air-refueling aircraft and air traffic management. Spain also has a highly specialized industry in aero-engines and propulsion engineering technology, with experience in advanced manufacturing processes.

In recent years, there has been ongoing interest within the industry in products related to composite tape-laying machines and fiber placement systems with computerized numerical control. Other products in

demand include components for aeronautical software programming, avionics, ground support equipment, and extruded metal products and plastics.

According to the Spanish Chamber of Commerce, aeronautics imports from the U.S. have grown steadily since 2010 after falling from previous years. It is estimated that in 2018, U.S. civilian aircraft, equipment, parts, and engines imports will be valued at approximately USD 500 million. U.S. aeronautics products and services are well regarded in terms of price and quality, so U.S. exporters typically have good business opportunities in Spain. The best prospects for U.S. firms in this market continue to be those associated with the manufacturing of new aircraft or engine models, or in highly technical products such as composites.

The Spanish space sector has seen a change of priorities from those traditionally linked to launches and scientific developments. The emphasis is currently on satellite uses that meet the needs of not only telecommunications, but institutions, governments and civilians. TEDAE estimates that total sales of the Spanish space sector in 2018 will be EUR 1 billion.

Opportunities

Spain's aerospace sector continues to grow and shows great potential due to increased competition in the Spanish air transport market and to a demand for new technology. Spain's emphasis on the development of new airport infrastructures should further contribute to this trend.

In response to the current and previous Administration's calls for NATO spending increases by Spain, the Ministry of Defense has succeeded in securing a dramatically increased budget plan for the coming years. In December of 2017, the Minister of Defense of Spain communicated to NATO's Secretary General Spain's commitment to increase its military spending to 1.53 percent of GDP by 2024, which would amount to an increase of 10 billion Euros per year. The Minister has also recently pledged to invest 10.8 billion Euros to cover the "most necessary and urgent needs" of the Armed Forces. Advocacy cases where CS Madrid is involved will help reach agreements that will be essential to large U.S. companies such as BAE Systems, General Dynamics, etc., success in securing part of this new business and will ensure continued bilateral defense between Spain and the U.S. By assisting these U.S. firms with their expansion in Spain's markets, the companies' revenues and connections are expected to grow, supporting the jobs of some of their tens of thousands of employees.

During the recent economic crisis, companies continued to request airline licenses for landing rights from civil aviation authorities. This has increased the total number of airplanes operating in Spain and has created a steady expansion of the spare-parts market. This market should be further bolstered in the coming years by increased regional air traffic.

To decrease operating costs, in recent years some airlines have operated leases or short-term leases of equipment or aircraft themselves, opening opportunities for U.S. companies. This strategy has been in use by the aviation industry for a number of years, and with additional tax incentives added in 2013, this service market is expected to continue in the short term. However, U.S. aircraft manufacturers face tough competition from Airbus as well as from aircraft manufacturers based in Europe.

Market opportunities are expected to exist due to the need to replace less efficient aircraft with eco-efficient jets as well as the growth in domestic and international air travel demand. Lightweight aircraft constructed using new materials and composites can improve fuel efficiency. Much of the current effort of airplane producers and their component suppliers to reduce fuel consumption and emissions is concentrated in the area of these lightweight materials. Environmentally -friendly aircraft also involve innovative technology in

the area of power and fuel management, “smart wings”, cockpit advances and independent energy sources for equipment.

While Spanish aerospace companies do seek outside suppliers, becoming a supplier can require patience, financial effort, an innovative approach, and competitive pricing. A direct presence in Spain could strongly support this process. The best entry strategy into the Spanish aerospace market is to enter into a partnership with an existing local company, since the Spanish company can act as a representative and provide insight into local markets.

Spain has a presence at several important aerospace trade events:

- The annual Aerospace and Defense Meetings in Sevilla is the most important B2B event in Spain for the aerospace sector. The event provides a platform where leaders in the aerospace industry can meet with potential industry partners. The event includes conferences and workshops covering topics such as OEM procurement and supply chain policies for the aerospace and defense sectors. The event is designed to help large firms and SMEs involved in global aviation and space industries to explore specific markets and seize business opportunities with civil and defense applications. The next edition will be held May 15 – 18, 2018.
- At the European level, the International Paris Airshow is the largest and longest-running aerospace trade show in the world. The event is considered one of the most important aerospace meeting places. It is held every two years and the 53rd edition will be held at Le Bourget Exhibition Center from June 17-23, 2019.
- Another important aerospace event is the bi-annual Farnborough International Airshow, held in Farnborough, United Kingdom. The stated objective of the event is to provide first-class business opportunities for the global aerospace industry. The next edition will be held July 16-22, 2018.

The trade shows above are U.S. Department of Commerce certified trade events and include a global chat component.

Web Resources

- [Cámaras \(Cámara Oficial de Comercio, Industria, Servicios y Navegación de España\)](#)
- [Foreign Trade Statistics/ Chamber of Commerce](#)
- [Spanish Association of Defense, Aeronautics, and Space Technological Companies \(Asociación Española de Empresas Tecnológicas de Defensa, Aeronáutica y Espacio\)](#)
- [United States Census Bureau](#)

[U.S. Commercial Service Spain:](#)

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Business Investment Services

This is a best prospect industry sector for Spain, including a market overview and trade data.

Overview

United States – Spain Bilateral FDI

Unit: USD millions

Foreign Direct Investment Position	2015	2016	2017 (estimated)	2018 (estimated)
U.S. FDI in Spain *	55,000 *	66,308*	70,808	73,778
Spanish FDI in the U.S.	65,797	67,179	70,034	73,354
Foreign Direct Investment Flows				
U.S. FDI in Spain *	3,970	8,708	4,500	2,970
Spanish FDI in the U.S.	4,592	2,905	3,150	3,320

(Source: Bureau of Economic Analysis/SelectUSA

*Spanish Ministry of Economy, statistics published as of in May 2018)

The United States continues to be a strategic destination for investment by Spanish firms. U.S. affiliates of Spanish- owned firms employed more than 81,700 U.S. workers in 2016.

Spain is the tenth largest investor in the United States, based on country of ultimate ownership. Spanish investment in the United States in 2016 was USD 67.2 billion, much of which has been invested by companies providing top-notch, cutting-edge technology

Leading Sub-Sectors

Spanish investors have been very successful in tapping into investment opportunities in the United States, particularly in textiles, financial service, software & IT services, business services, consumer products and alternative energy. Many of these companies bring with them new products, new technology and, in many cases, new business models. The success enjoyed by these companies is attracting the interest of second tier Spanish company investors, many of which are key suppliers to the leading Spanish multinationals.

U.S. Commercial Service receives many inquiries from Spanish companies for contacts with U.S. companies that can provide assistance with tasks including setting up an office, understanding tax implications, legal requirements, or preparing visa applications. Business and site selection consultants are also sought to help with business plan development, labor legislation, and specialized human resources. There is specialized demand for consultants who can identify partners for the development of alliances in specific areas.

Opportunities

Business opportunities exist for U.S. service companies, including attorneys, accountants, consultants and engineers that can offer their services to the Spanish investors and companies expanding in the U.S.

Opportunities also exist for state Economic Development Offices to conduct outreach activities to promote the advantages of investing in their respective states.

Web Resources

[SelectUSA](#)

[Spanish Ministry of Industry, Commerce and Tourism](#)

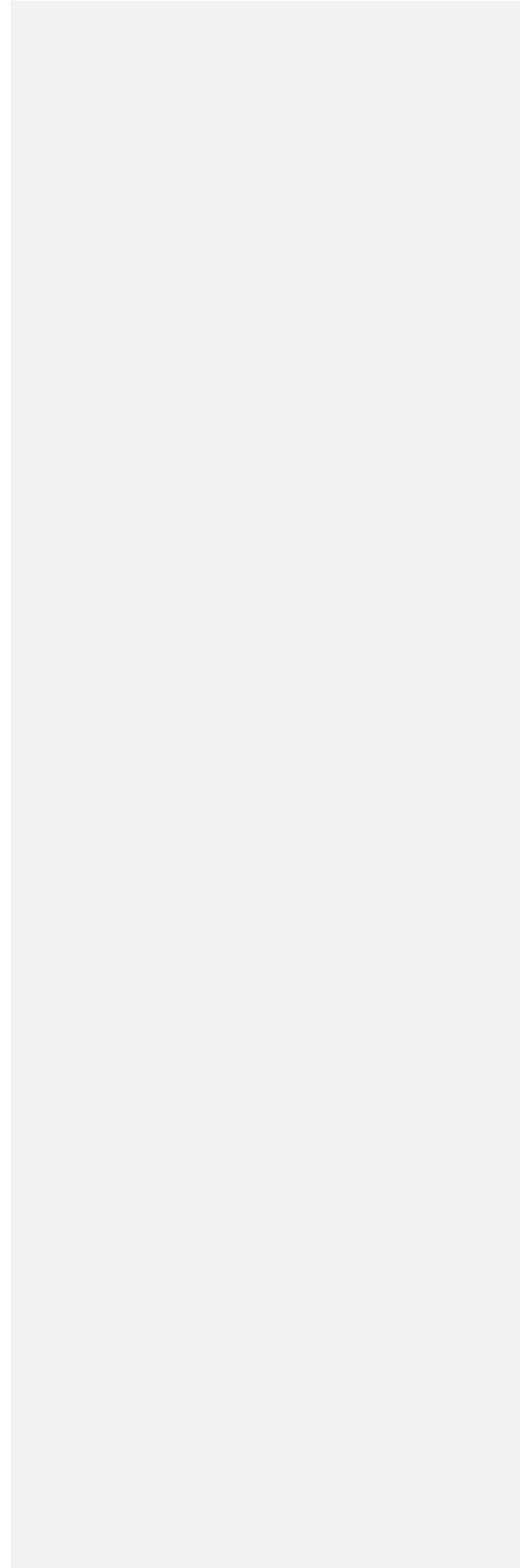
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Education and Training

This is a best prospect industry sector for Spain, including a market overview and trade data.

Overview

According to the Institute of International Education's Open Doors® 2017, Spain is ranked 24th among countries sending students to the United States for higher education and training services. During the 2016/2017 academic year, 7,164 Spanish students were enrolled in undergraduate, graduate, OPT, or Intensive English Programs. This was a 7.9 percent increase over the previous academic year. The fact that Spain's new King studied in the United States and has been supportive of educational exchanges with the United States has brought positive visibility to the U.S. education market. Spain's royal family conferred the prestigious 2014 Prince of Asturias Award for International Cooperation on the Fulbright Program

Current Demand

Spanish students are actively seeking study abroad opportunities, and many take full advantage of the European Union's Erasmus+ program for exchanges within Europe. 45,826 Spanish students participated in an Erasmus+ program during 2015/2016. Spanish students also highly value educational opportunities in English speaking countries outside the EU including the United States, Australia, and Canada.

Spain sends around 1,000 high school grade students every year to the United States. These opportunities are very popular with Spanish families seeking opportunities for their children to immerse themselves in an English speaking academic environment. There has also been increased demand for summer camps and ESL programs in the United States.

Market Entry

Spain is a stable and mature market for inbound students. An onsite partner network and/or accredited representatives are recommended to drive and support student acquisition. Partnership agreements with Spanish universities might also be effective. E-learning, blended programs and intensive ESL programs offer additional opportunities, as well as optional practical training programs. Spanish students are very sensitive to costs when selecting education options and value dual accreditation courses.

Spanish student enrollment in graduate programs has had consistent growth in the past couple of years and should continue to be offered opportunities in the U.S. education market. One third of Spanish students studying in the United States are enrolled in graduate programs.

Leading Sub-Sectors

The most popular academic fields of study for Spanish students in higher education in the United States are:

- Business
- Management
- Social Sciences

- Humanities
- Engineering

Opportunities

Trade Events

- [SIMO EDUCATION](#) (Madrid) November 13-15, 2018
- [EDUCATION WEEK](#) (Madrid), March 6-10, 2019
- [Saló de l'Ensenyament](#) (Barcelona), March 20-24, 2019

Web Resources

- [EducationUSA Spain](#)
- [Spanish Association of Promoters of Courses Abroad \(ASEPROCE\)](#)
- [OECD Education Policy Outlook Highlights: Spain](#)
- [Ministry of Education, Culture and Sport of Spain](#)
- [European Commission Education and Training Monitor 2017 Spain](#)

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Energy

This is a best prospect industry sector for Spain, including a market overview and trade data.

Overview

The demand for electricity in Spain, with data estimated at the end of 2017, consolidates the positive trend for the last three years, after registering falls prior 2015 due to the economic crisis. In 2017 specifically, demand reached 268,505 gigawatt hours, 1.3 percent more than the previous year, surpassing the increase of 0.7 percent registered in 2016. On the other hand, generation registered little or no variation with a year-on-year growth of just 0.2 percent. Therefore, part of the demand was covered by the import balance of 9,220 GWh resulting from energy exchanges with Portugal and France.

The total number of electricity-generating facilities in Spain decreased in 2017 for the second consecutive year, ending the year with 104,517 MW of installed power capacity, 0.6 percent less than in 2016. This decrease was mainly due to the definitive closure of the Santa María de Garoña 455 MW nuclear power station, a facility that had been inactive since the end of 2012. Variations in other technologies have been either nil or insignificant.

Regarding demand coverage, the decline in the contribution of hydro was significant (7 percent in 2017 compared to 14.2 percent the previous year). It has been replaced by a greater contribution of coal (17 percent compared to 13.9 percent in 2016) and combined cycle (13.9 percent compared to 10.2 percent in

2016). As for the technologies that have contributed most to demand coverage, nuclear ranked first with a contribution of 21.5 percent followed by wind with 18.2 percent. It should also be noted that close to 4 percent of the demand has been covered by energy imported from other countries.

Leading Sub-Sectors

The Spanish energy sector is well developed and maintains a positive reputation globally, especially in renewable energy where it is a world leader. Spain has leveraged its development by pledging to meet between 30 and 44 percent of gross final energy demand through clean energy by 2030. Power suppliers are continuing to implement previously registered renewable energy projects in Spain, but the impact from 2013 onwards of new legislation has been to limit new investment. The December 2012 Energy Reform Bill continues to threaten the viability of Spanish renewable projects. As a result of the law's passage in early June 2013, the Spanish government announced a substantial reduction in renewables subsidies. All renewable sources now take the pool price of electricity based on "reasonable profitability" calculations, but the private sector has reservations regarding how "reasonable profitability" is calculated.

By 2020, Spain has pledged to meet 20 percent of the gross final energy demand through clean energy. Spanish companies continue to be active with renewable energy projects in Spain that have already been registered, but investment is limited. Only three auctions for renewables have taken place since 2013. The first one was the auction of 200 MW of capacity for new biomass facilities and up to a maximum of 500 MW of capacity for onshore wind power facilities on the mainland grid on January 2016. The second auction took place in May 2017 and was for an initial eligible capacity up to 3,000 MW for wind power, photovoltaic and other facilities on the mainland grid. The object of this auction was the allocation of capacity eligible for specific regulated remuneration to new facilities for generating energy from renewable energy sources. Unlike the first auction, this one was technologically neutral, meaning that there were no capacity caps for each technology (wind, photovoltaic and others). Spain's Energy Ministry announced at the end of July 2017 the full list of winners from its third and most recent renewables auction, which awarded a total of 5 gigawatts (GW) of capacity. The split ended up 4 GW for solar and over 1 GW for wind.

Other top energy market sectors for U.S. businesses include natural gas, energy efficiency and smart grid development. Developments in the Ukrainian crisis have placed extensive focus on Spain as an alternative for the Russian gas supply, especially since Spain has already implemented pipelines from Northern Africa. Spain is the 5th largest consumer of energy in the EU but has virtually no domestic production of liquid fuels or natural gas; however, there are government regulations that support Spain's oil and gas imports from multiple countries, diversifying their suppliers.

Spain actively supports the creation of a Single European Market for electricity and gas. The very limited interconnection between Spain and France restricts trading between Spain and the rest of continental Europe. Spain plans to link the development of interconnections with the renewables target in order to consider increasing the installed power capacity of these technologies. Europe is in the process of reformulating its energy policy; a process in which both the Energy Union and the interconnections play a key role. In the coming years, strengthening interconnections will become the highest priority in the development of the transmission grid in Spain. Investment in this infrastructure will be a necessity and therefore, for its full implementation, it will be necessary to comply with some fundamental premises, such as maintaining regulatory stability and adequate returns on investment, as well as a greater social acceptance of the facilities.

The development of the electricity transmission grid in Spain during 2017 registered an increase of 215 km of new circuit and 1,210 MVA of transformer capacity that enhance the reliability and the degree of meshing of the transmission grid to guarantee the security of supply.

Opportunities

Worldwide, Spanish renewable energy firms are extremely active. Opportunities exist for U.S. firms to partner with these Spanish firms in projects in Europe, Latin America, the Middle East and Africa. Joint ventures and partnerships will play an important role in capturing market share and in injecting necessary capital and state-of-the-art technology in these regions.

Energy efficiency is a sub-sector that shows growth prospects. Spain is one of the European countries with the highest index of energy consumption based on GDP and electricity prices are high, leaving significant business opportunities for companies that offer energy efficiency solutions. The investments that the Spanish economy would have to make between 2016 and 2050, for the main measures involving decarbonization levers, would amount to between EUR 330 and 385 billion. The EU 2030 Framework, adopted four years ago as a continuation of the previous Energy and Climate Change Package, included a binding target of reducing greenhouse gas emissions by 40 percent compared to 1990 levels. An energy efficiency target of 27 percent was also set. The Energy Efficiency sector in Spain represented 1.8 percent of GDP and 1.4 percent of total employment.

The private sector is also investing in smart grid development and R&D to promote increased competitiveness for Spanish utility providers. It is estimated that a 1€ investment in smart grid technology generates 2 EUR - 2.3 EUR in economic benefits.

Smart energy, part of smart cities infrastructure, combines diverse new technologies to improve resource efficiency, increase sustainability, and improve citizens' lives. The deployment of advanced energy technologies is largely not a technical challenge. Rather organizational change in governments - and indeed society at large - is also necessary to better engage consumers and allow for cross-sectoral leveraging of assets. Making a city smart is therefore a very multidisciplinary challenge, bringing together city officials, innovative suppliers, national and international policymakers, academics, and civil society.

Spain plays an important role in smart city development throughout Europe as one of the 31-member countries of the European Innovation Partnership for Smart Cities and Communities. The Partnership combines energy management, information and communications management, and transportation management to come up with innovative solutions to the major energy/environmental, societal, and health challenges facing European cities today. With the aim of creating scalable and transferable solutions to contribute for the European Union's 20/20/20 climate action goals (20 percent emissions reductions, 20 percent production of all energy from renewable resources, and a 20 percent improvement in energy efficiency), it seeks to reduce high energy consumption, greenhouse gas emissions, poor air quality, and road congestion. The Partnership aims to overcome bottlenecks impeding the changeover to smart cities, to co-fund demonstration projects, and to help coordinate existing city initiatives and projects by pooling its resources together. It ultimately hopes to establish strategic partnerships between industry and European cities to develop the urban systems and infrastructures of tomorrow. As a member country, Spain plans to implement the Partnership's recommendations in becoming a world leader in smart city creation and management.

The stakeholders in the energy sector in the evolution of Spain's smart cities include government entities at the national level such as the [Ecological Transition Ministry](#), the [National Commission on Markets and Competition](#) (CNMC in Spanish), [Red Eléctrica de España](#) (national grid operator), the [Institute for Diversification and Energy Saving](#) (IDAE), and [OMIE](#), that manages the entirety of the markets (daily and intraday) for the whole of the Iberian Peninsula with similar operating model as the one applied by many other European markets. It is important to know that the different Spanish Autonomous Communities have their own regulations and strategies regarding energy projects. Trade groups such as [UNESA](#) (Spanish Electrical Industry Association) and its members, the Spanish utilities [Endesa](#), [Iberdrola](#), and [Gas Natural-Fenosa](#) are also among the main stakeholders in this [sector](#).

Web Resources:

Spanish Energy Sector Publications:

- [Energias renovables](#)
- [Energia de hoy](#)
- [Energetica 21](#)
- [Profesionales hoy](#)
- [Energia diario](#)
- [Solar News](#)
- [Future energy web](#)
- [Mundo energia](#)

European Union Policy Resources:

- [Energy EU Commission Department](#)

Energy Sector Trade Events:

- [Smart City Expo World Congress](#)
- [Energy and Environment International Trade Fair](#)
- [International Trade Fair for the Electrical and Electronics Industry](#)

Trade Associations:

- [SERCOCBE](#) (National Association of Capital Goods Manufacturers)
- [UNESA](#) (Spanish Electrical Industry Association)
- [APPA](#) (Renewable Energy Companies Association)
- [ANESE](#) (Energy Services Companies Association)
- [Asociacion3E](#) (Energy Efficiency Companies Association)
- [AinENERGIA](#) (Energy Engineering Companies Association)

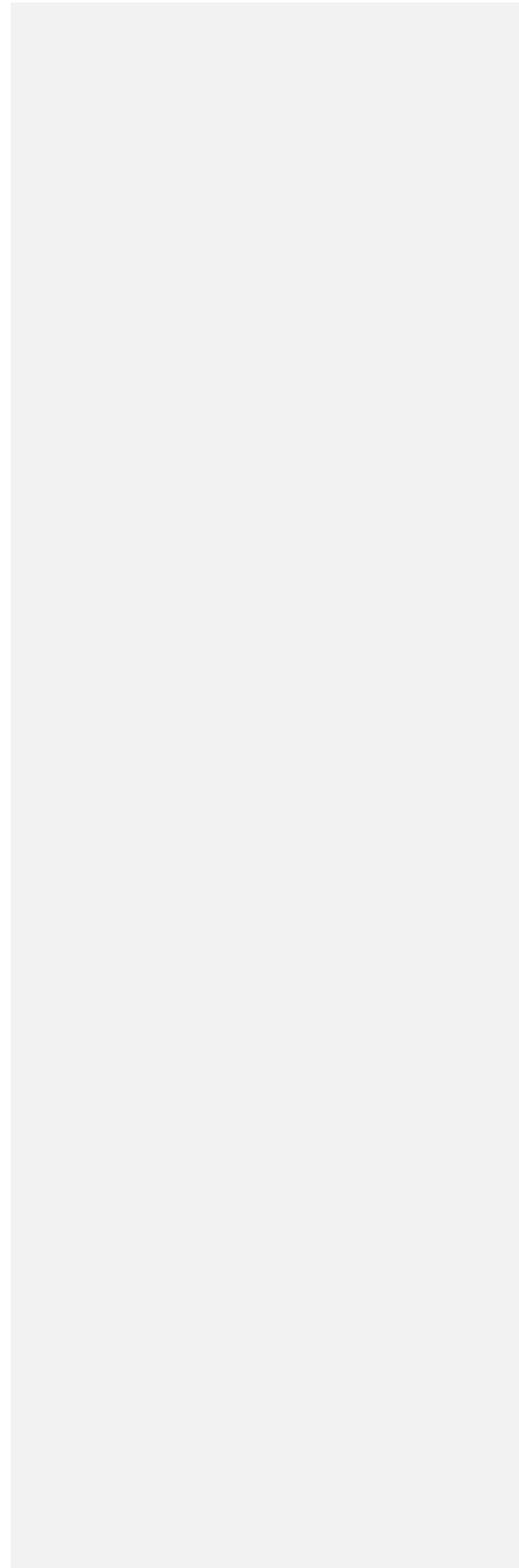
Engineering and Services Firms:

- [ABB, S.A.](#)
- [Applus, S.L.U.](#)
- [Bureau Veritas](#)
- [COAPSA Control, S.L.](#)
- [Empresarios Agrupados \(EA\), A.I.E.](#)
- [Global Energy Services](#)
- [Grupo AMS](#)
- [Grupo Copisa](#)
- [Grupo Dominguis](#)
- [Grupo Eulen](#)
- [Iberdrola Ingeniería y Construcción, S.A.U.](#)

- [IDOM](#)
- [Medidas Ambientales, S.L.](#)
- [Sener, S.A.](#)
- [Siemens, S.A.](#)
- [Tecnatoms, S.A.](#)
- [Técnicas Reunidas, S.A.](#)
- [IDAE Energy Services Companies Database](#)

[U. S. Commercial Service Spain:](#)

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Franchising

This is a best prospect industry sector for Spain, including a market overview and trade data.

Overview

Franchising Market Size - Unit: USD Millions

Franchise	2015	2016	2017	2018 (estimated)*
Total Market Size	29,424	29,891	31,178	34,631
Total No. franchise brands	1,232	1,298	1,348	1,376
Total no. establishments	65,810	70,541	74,398	75,916
Total foreign-owned establishments	218	224	232	237
Total U.S. establishments	35	42	41	42
Exchange Rate: USD1.00	0.901	0.903	0.885	0.813

Unofficial estimates based on input from trade sources

** Growth for 2018 is estimated at 2 percent.*

The franchise sector has kept a steady and solid growth in Spain, despite the recession years and macroeconomic changes that the country has undergone since the 2008 crisis.

During the year 2017, the rate of expansion has been higher than the growth rate of the Spanish economy. The rate of newly-opened outlets registered by all the non-agricultural companies in Spain (data provided by the Central Directory of Companies, DIRCE-Spanish acronym) shows a growth in franchise systems by 5.5 percent in 2017, compared to 3.1 percent estimated for the national GDP and a 1.5 percent of other non-franchised establishments registered in the DIRCE.

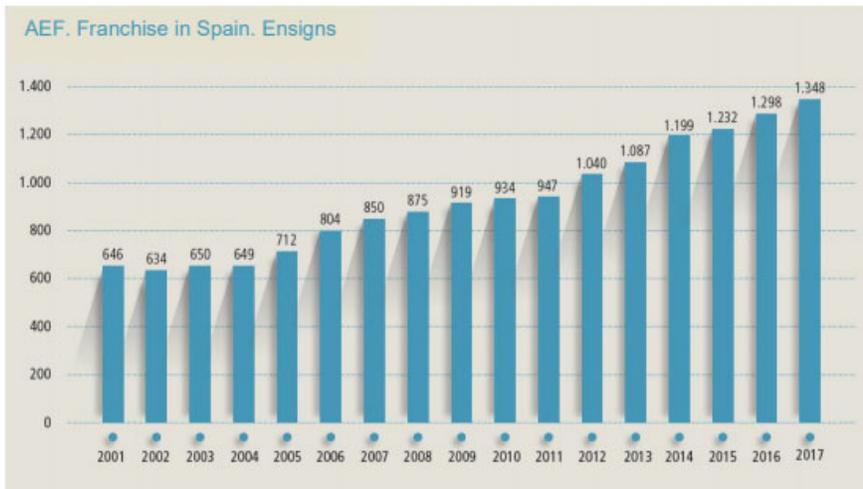
Spanish investors are actively seeking new business opportunities as the economy warms up in Spain. In 2016, the U.S. market share grew by 3.2 percent. However, in 2017, one U.S. brand ceased its operation in the country, which brings the total U.S. brands to 41. CS Spain believes that for 2018 at least one new brand will enter the market and help sustain our market share. Our main competitors come from France and Italy, followed by Germany and the UK.

Last year (2017) the number of franchise brands in Spain increased by almost 4 percent. The estimation for 2018 is that the sector will continue to show a sustained growth and keep its openness to new and innovative concepts.

Operative flagships

Currently, the Spanish franchise system is made up of 1,348 brands, of which 1,116 are of Spanish origin, representing 82.8 percent of the total. The foreign countries to bring more brands into the market are ranked in order by France, Italy, USA, Germany and the UK. If we analyze the growth since the AEF started tracking the data (2001), the increase in number of brands is 108.7 percent as shown on the chart below.

Franchise in Spain – Number of Flagships



Source: AEF 2017

Outlet stores

The number of operative stores at the end of 2017 summed a total of 74,398 business operating in Spain, of which 20,620 were store-owned operations and the remaining 53,778 were franchised systems. In total, there were 3,857 stores more than at the end of 2016 (when the existing points of sales were 70,541), and this means a 5.5 percent increase. At the end of 2017, additional 1,073 more store-owned business were registered, compared to 2016, as well as 2,784 new franchises (representing a 5.5 percent increase compared to 2016).

If analyzing the sub-sectors, “Food” is again the higher number of open stores; it has a total of 13,997. The following sub-sectors with higher presence are “Fashion” outlets with 9,107 units and “Beauty/Aesthetics” with 4,286 establishments.

The reason behind the high rate volume of new openings that took place in 2017 may be based on these two key facts:

1. The improvement in the macroeconomics trends for Spain
2. The return of the banking institutions to its main activity, which is the granting of credit.

Without loans and a strong banking base, the franchise system cannot grow and expand.

Therefore, the good performance in the store growth openings seems to be reinforce the growing trend of financing mechanisms available for franchises and the banking sector's trust in the development of the systems.

Employment

One of the most relevant aspects in the franchise system is that it continues to create employment in Spain. In this way, at the end of 2017 the system employed 278,951 people, 9,965 (3.7 percent) more than in 2016. Of this figure, 94,919 work in their own stores (representing an increase of 5 percent) and the remaining 184,032 were employed in franchised stores (growth of 3.1 percent compared to 2016).

The sectors that represent the highest employment growth are: "Food", where 73,538 (26.4 percent of the total) people are employed; "Hospitality/Fast Food", with 30,338 workers (10.9 percent of total);

"Restaurants/Hotels" which recruits 20,676 people (7.4 percent of total); "Beauty/Aesthetics" which employs 12,273 (4.4 percent) and "Transport Services" representing a total of 11,100 people (4 percent of total).

In relation specifically to employment generated in Spain during the economic recovery, the franchising system was instrumental to help Spain's economy. During the year 2017, the employment rate measured by the Active Population Survey (EPA-Spanish acronym) in all sectors was increased by 2.7 percent if compared to 2016. Over the same time-period, employment generated by franchises went up by 3.7 percent, one point above the National statistics.

Autonomous Communities

Of the 1,348 networks integrating the franchise system in Spain, Madrid remains at the top of the list as the Autonomous Community with a highest number of franchises, with 335 brands (10 more than in 2016), followed by Catalonia with 321 (10 more); the Valencia Community with 174 (8 more than 2016); Andalusia with 156 (9 more); and Galicia with 54 (3 more than in 2016). These autonomous communities make 77.2 percent of the total number of flagships in this business model in our country.

Origin of foreign franchises



Country	No. of Franchises
France	54
Italy	46
USA	41
Germany	14
UK	13
Portugal	11
Holland	10
Argentina/Denmark/Switzerland	7
Belgium	4
Australia / Canada	5
Brazil / South Korea / Sweden	5
Andorra, Bulgaria, China, Guatemala, Hungary, Virgin Islands, Israel, Japan, Malaysia, Turkey	22
Total Countries: 26	Total Franchises: 232

Source: AEF 2017

Leading Sub-Sectors

The franchise sectors that have shown growth and the greatest interest from Spanish investors are:

- Premium Food/Beverage
- Beauty and Wellness
- Electronics/Computers/Telephones
- Fashion
- Education
- Car services
- Senior Care
- Fitness
- Real Estate

Opportunities

The Spanish Franchise Association's (AEF) annual report for 2017 reflects the upward growth trend of the franchise sector in Spain in respect to multiple variables including: number of networks, number of establishments, employment, and total sector sales. Xavier Vallhonrat, President of the AEF, says that this indicates growing confidence in this sector, which offers advantages and the adequate environment for new brands to enter Spain and existing ones to invest in their expansion.

If we focus on the sectors with the biggest share in the Spanish franchise market, the services sector shows the most growth and now more than half of all franchises are in this sub-sector. According to the report, the biggest group of franchises is food related, with a total of 13,997 establishments in 2017. They are followed at some considerable distance by fashion with 9,107 establishments and beauty 4,286 and computer stores, with 3,419 outlets.

This boom in the franchise system can be understood from different perspectives. The first is its capacity to adapt to market circumstances. Franchises in sectors that became necessary during the financial crisis have sprung up, such as establishments that buy jewelry, pawn shops and sports betting.

This business model is also attractive to entrepreneurs, mainly because the business can take off with the safety net of the franchise structure behind it. Franchisees receive guidance on what they need to invest, how to do it and what kind of profits they can expect.

CS Spain offers customized solutions for U.S. franchise brands interested in our market. Please contact us for a special business proposal.

The major trade shows that are promoted to both Spanish and US audiences are:

- [Int'l Franchise Expo – New York](#)
May 30 to June 1, 2019
- [Expo Franquicia Trade Show – Madrid](#)
April 4-6, 2019

Web Resources

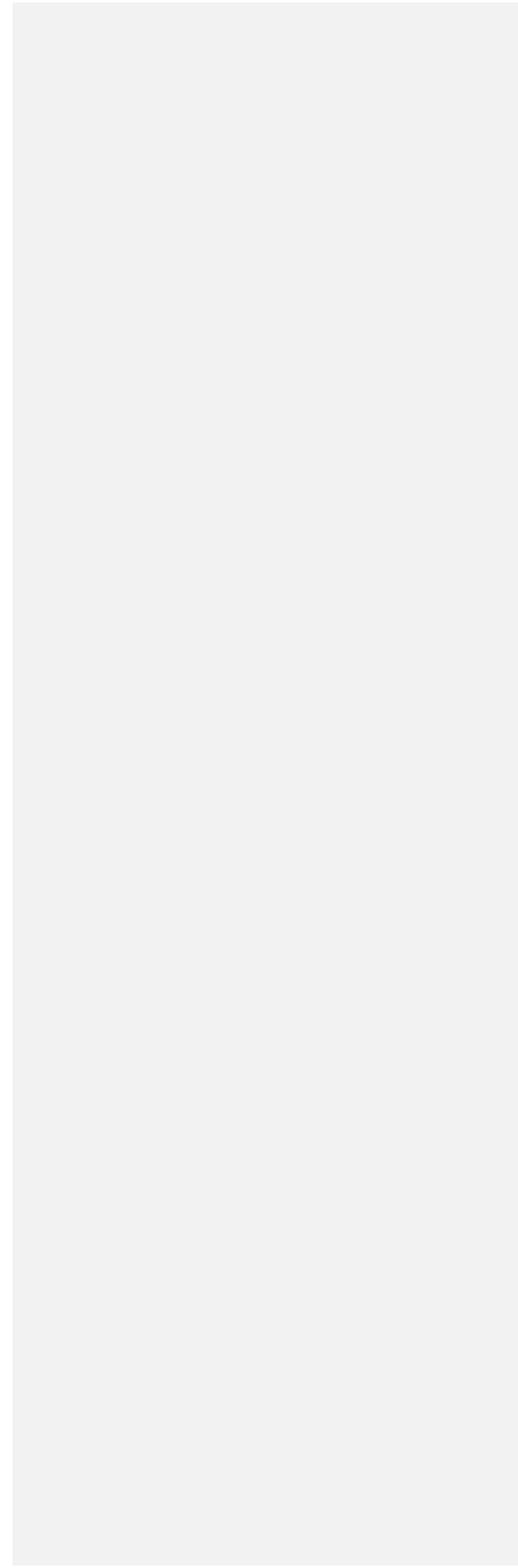
[AEF-Asociación Española del Franquiciador-Spanish Franchise Association](#)
[International Trade Administration – Top Market Report](#)

[U.S. Commercial Service Spain:](#)

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Green Technology

This is a best prospect industry sector for Spain, including a market overview and trade data.

Overview

The Spanish Constitution through its Article 45 establishes that:

1. Everyone has the right to enjoy an adequate environment for the development of the person, as well as the duty to preserve it.
2. The public authorities shall ensure the rational use of all natural resources, in order to protect and improve the quality of life and defend and restore the environment, relying on the indispensable collective solidarity.

The policies implemented by the [Government of Spain](#) within the framework of the country's membership of the European Union are aimed at rising to meet environmental challenges. The basic legislation governing the environmental assessment of plans, programs and projects can be found in Law 21/2013, of December 9, 2013, on environmental assessment, which implemented a far-reaching procedural reform of this legal instrument on prior control in order to simplify and expedite procedures, thereby strengthening environmental protection.

The recent change in government has established a new ministry fully devoted to energy and environment, the [Ministry of Ecological Transition](#), to propose and execute the Government's policy on energy and the environment for the transition to a more ecological and productive social model and water policy as an essential public good. It has two State Secretaries, one for energy and another one for the environment.

Spain has prioritized a low-carbon growth policy, targeting the budget at implementing numerous initiatives and projects. The various editions of the Environment Improvement Plans (Spanish acronym: PIMA) form part of a broader strategy to significantly reduce the emission of air pollutants and greenhouse gases. PIMA action plans cover the air pollution control and emissions reduction in several sectors including transportation, tourism, agriculture and farming, waste and industry.

Another important problem in Spain is water. The main objective for the Ministry of Ecological Transition is to guarantee supply of sufficient quantity and quality throughout the country and for all uses while ensuring respect for environmental issues. These supply guarantee and quality improvement efforts are combined with due management of extreme weather phenomena, floods and droughts, which represent a threat not only to public safety but also threaten the environment and the economic activities associated with water. Water planning by the central government is organized at two levels: river basin management plans and the national water plan.

In Spain, powers on environmental matters are shared among the state, the autonomous regions and the municipalities. The autonomous regions implement the applicable regulations and may issue additional rules for stricter environmental protection; in addition, they have the power to control many relevant areas related to the environment, such as integrated environmental authorizations. The regions' powers regarding the environment are exercised through bodies equivalent to state ministries.

Spanish municipalities also have powers concerning environmental protection, which must be executed in accordance with the regulations issued by the state and the autonomous regions. The main environmental powers of the municipalities relate to municipal environmental permits, urban waste, water treatment and noise limits. Today 78 percent of European citizens live in cities, and 85 percent of the EU's GDP is generated in cities. [Spain has a national plan for intelligent cities](#), promoted by the Ministry of Ecological Transition. The plan invests Euros 153 million in smart cities development, coordinates efforts between cities, improves communication and offers recommendations for short and long-term development in all smart city sub-sectors.

The countries with the highest absolute number of Smart Cities are the UK, Spain and Italy. Spain is leading the charge in creating and maintaining sustainable urban populations. In Spain, more than 80 percent of the population lives in urban areas, and that number is only growing. There is a large number of Spanish cities and towns that are successfully carrying out pioneer smart city projects with actions that cover a wide range of population size, climatic conditions, geographic location, city structure and activities. Spanish cities are emblematic in Europe and have received several awards and distinctions for their smart city developments.

Most important developments in smart cities are linked to strong public-private ecosystem partnerships. Despite the importance of these partnerships, it is not easy to make them happen. Regulation, public procurement behavior, economic uncertainty, long-term commitments and returns analysis, and governance and objective divergences are other major hurdles that need to be overcome. Consistent and long-term alignment by involved government bodies and businesses is a necessary condition to create these partnerships and succeed in unifying a network of smart cities. Spain has always been at the forefront of implementing smart solutions in its cities. Drawing on Spain's innovation-friendly infrastructure, cities like Barcelona, Santander, San Sebastian, Madrid, A Coruña, Valencia, Malaga and Bilbao among many others have become beacons for change.

In Spain, [65 cities are members of the Spanish smart cities network](#), Red Española de Ciudades Inteligentes – RECI, in order to share experiences and create market opportunities. To join the network a city needs to have a strategic plan with specific actions to promote innovation and the use of new technologies and needs to be willing to provide available resources and experiences to the other members of the network. The RECI is committed to creating an open network to promote economic, social, and business progress of cities through innovation and knowledge. Its purpose is to share experiences and collaborate to develop a sustainable management model and improve the quality of life of citizens, focusing on aspects such as environmental protection and sustainability.

SMART CITIES PROJECT INDEX AND PROJECT INDEX PER INHABITANT

CITIES	PI Environment	PI Environment/Inhabitant
A Coruña	20	70
Alcala de Henares	40	175
Alcorcon	5	30
Alicante	25	75
Barcelona	145	80

Castellon de la Plana	10	45
Gijon	35	100
Las Palmas de Gran Canaria	0	0
Madrid	20	5
Malaga	50	180
Mostoles	20	180
Sabadell	70	320
Santander	35	110
Sevilla	75	100
Valencia	20	35

Source: *Madrid Polytechnic University and Civil Engineering Technical School Report on Smart cities projects in Spain - Comparative analysis between various cities*

Project Index (PI) is the number of important projects listed for each city in the above chart. PI/Inhab is based on the ratio of the PI and the number of inhabitants per city. With the exception of Las Palmas de Gran Canaria, every city in the above chart has smart city projects related to the environment. Barcelona and Sabadell score really well because they have numerous projects. Almost all the larger cities have an automatic irrigation system and an intelligent lighting system, while the more innovative cities also have a system for pneumatic waste collection. Most of the cities also try to implement renewable energy and modify their municipal buildings to reduce energy consumption.

Smart Water Projects

Spain's environmental sector opportunities are concentrated in fresh and wastewater treatment/management and pollution remediation services and control. Fortunately for foreign companies, Spain maintains one of the lowest tariff barriers in the EU for water supply and sanitation imports. Private or public-private water companies that maintain contracts with municipalities service approximately 50 percent of the Spanish population. The largest public municipal water company is Canal de Isabel II, serving the metropolitan area of Madrid.

Despite new legislation, water management reform, and substantial investments, water resources are currently not administered in a sustainable manner. Water quality in many rivers is sub-standard. Groundwater is used up faster than it is replenished, and competition for water use is intensifying between households, agriculture, and industries (including energy and tourism). Climate change has only exasperated competition in the demand of various water resources.

As part of a commitment to implementing smart city technologies, some municipalities are beginning to install smart water infrastructure to ensure potable water resources remain safe and plentiful. First begun in 2014, Santander's smart water meter program is currently being expanded to 1,229 buildings to allow real-time water monitoring data for municipal suppliers, city officials, and individual customers. The 2014 pilot program was lauded as a success by smart city experts, and the expanded program will greatly assist the city's stakeholders in future water infrastructure planning efforts. The current success of Santander's

program has led Burgos to explore the possibility of implementing its own smart water scheme. Similarly, the municipal water authority for the Autonomous Community of Madrid, Canal Isabel II, is making its own efforts to install smart water meters to reduce unauthorized consumption and better monitor resources.

Current Environmental Investment Climate

According to the most recent available statistics available from Eurostat, the European Union's statistical authority, Spain's public sector environmental protection expenditures in 2016 amounted to 0.8 percent of GDP. Green technologies are crucial for the economic recovery as they help save valuable resources such as energy and water. Spain has taken major steps to reinforce its environmental policy and institutional framework. It has made progress in applying EU environmental directives and has made considerable investments in its environmental infrastructure. Emissions have fallen sharply. Over 75 percent of Spain's pollution is located in urban environments. As a result, there is a growing public interest and demand for improved air quality.

As the Spanish economy has expanded, so has the amount of waste produced. Fortunately, the waste management industry is well established and has a solid reputation. In its *2008-2015 Plan Nacional Integrado de Residuos - PNIR* (2008-2015 Integrated National Waste Plan), with further elaboration in its *2016-2022 Plan Estatal Marco de Gestión de Residuos - PEMAR* (2016-2022 State Waste Management Framework Plan), the Spanish government aims to reduce waste generation, increase recycling rates and decrease landfill.

The major Spanish multinationals in the construction and civil engineering sector are active in the waste and water treatment sectors of the environmental industry and are supportive of the government's commitment to sustainability. About 88 percent of the 2,000 companies in the Spanish environmental sector, most of them SMEs, use proprietary technology – a percentage which has remained stable in recent years. The remaining 12 percent use primarily European environmental technology, with Germany as a leading supplier.

The stakeholders in the environment sector include the State Secretary for the Environment under the Ministry of Ecological Transition; environmental departments of the Autonomous Communities and city halls; construction companies with environmental projects such as Acciona and FCC Group; and water treatment firms such as Agbar (Aguas de Barcelona) and Canal de Isabel II.

New Set of Smart Cities Standards in Spain

AENOR, the Spanish standards developing organization (SDO), has issued two new standards on smart cities: the UNE 178303 and UNE-ISO 37120. These standards joined the already published UNE 178301.

UNE 178301 on Open Data evaluates the maturity of open data created or held by the public sector so that its reuse is provided in the field of Smart Cities.

UNE 178303 establishes the requirements for proper management of municipal assets.

UNE-ISO 37120 which collects the international urban sustainability indicators.

The texts, prepared by the Technical Committee of Standardization of AENOR on Smart Cities (AEN / CTN 178) and sponsored by the SETSI (Secretary of State for Telecommunications and Information Society of the Ministry of Industry, Energy and Tourism), aim to encourage the development of a new model of urban services management based on efficiency and sustainability.

Following the publication of these standards, 12 other draft standards on Smart Cities have just been made public, most of them corresponding to public services such as water, electricity and telecommunications, and multiservice city networks.

"PNE 178104 - Ciudades Inteligentes. Infraestructuras. Sistemas integrales de gestión de la Ciudad Inteligente" (Smart Cities: Infrastructure, Integral Management Systems), one of these 12 draft standards, aims to establish the Spanish standard on Urban Platforms. This is relevant because some of the main players of the Urban Platforms European industry have its Smart City development units based in Spain. Urban Platforms is one of the hot topics in the Integrated Infrastructures & Processes Action Cluster within the EIP-SCC Market Place. A Memorandum of Understanding towards more interoperable Urban Platforms was signed by several organizations during the EIP-SCC General Assembly held in Berlin on May 21, 2016.

Leading Sub-Sectors

Demand for green equipment, technology, and services have decreased due to the economic crisis and subsequent government austerity measures. Nevertheless, environmental concern is still high and implementation of environmental regulations, and resources allocated during recent years underscore Spain's commitment to this sector, especially due to the interest in the development of smart cities projects all over Spain.

Products and services that are in demand include:

- Increase in industrial treatment plants for municipal solid and hazardous waste
- New technology to reduce the amount of waste produced by current treatment methods
- Alternatives to landfills
- Selective collection, especially introduction of selective collection at source for urban solid organic waste to improve compost quality
- Contaminated soil treatment
- New treatment centers and plants for end-of-life vehicles treatment and tires
- Sludge treatment plants and recovery deposits
- Waste water treatment plants/facilities
- Smart monitoring technology

Opportunities

Spain's growth prior to the economic crisis placed even greater pressure on the environment and the use of natural resources. Challenging economic conditions in the last decade have had an impact on the demand for new products and services. Foreign technology and services can play a significant role in some niche business areas where there is scope for action, especially where ongoing technological and process innovation is essential. As domestic opportunities have diminished, Spanish engineering and construction firms are now going abroad to work in foreign environmental and renewable energy projects. These types of companies could be excellent potential clients for U.S. suppliers in the environmental sector.

Areas of opportunity could include: advanced technology for treating certain components of end-of-life vehicles such as glass, plastic, wood, textiles, foam, catalyzers, oils, and brake fluid; new ideas for end-of-life tires; plastics treatment, especially agricultural plastics; hazardous waste treatment including hospital waste;

soil remediation; small, modular waste water treatment plants for small residential areas or those in protected rural or green belt zones; among others.

In the development of smart cities, there will be opportunities in technology for smart pollution control and monitoring, renovation of buildings and new green buildings, green urban planning, as well as technology for the efficient use of resources (specially water) and resources re-use and substitution. Urban services such as waste management, drainage systems, and monitored water resource systems that reduce pollution and improve quality are also promising project areas.

Web Resources

- [Ministry of Ecological Transition](#)
- Institute for Diversification and Energy Saving
- [Ecovidrio \(Non-profit glass recycling organization\)](#)
- [CECEX \(Center for the Study and Experimentation of Public Works\)](#)
- [AEDyR \(Spanish Desalinization and Water Reuse Association\)](#)
- [AMEC \(Multisector Business Association\)](#)
- [Ambientum \(Online environmental B2B portal\)](#)
- [EU Energy and Climate Policy](#)
- [EU Environment](#)

[U.S. Commercial Service Spain:](#)

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Medical Equipment & Devices

This is a best prospect industry sector for Spain, including a market overview and trade data.

Overview

Medical Equipment (USD – millions)	2015	2016	2017	2018 estimated
Total Market Size *	7,770	8,000	8,473	9,300
Total Exports	2,292	2,720	2,876	3,075
Total Local Production	4,073,	4,372	4,799	5,364
Total Imports	5,989	6,348	6,550	7,011

Exchange rate: 1USD	1.1095	1.1069	1.1297	1.23
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Total Market Size = (Total Local Production + Total Imports) - (Total Exports)

*Data sources: * Unofficial estimates based on input from Fenin and sector sources*

With a population of over 46.4 million, Spain is an important market within the EU for medical products. Comprehensive medical attention is available to all Spaniards. Public healthcare institutions are the main purchasers of medical equipment and supplies and currently represent 75-80 percent of the market. These entities include public hospitals, health centers, research institutes, etc. The private healthcare sector accounts for approximately 20 percent of the market, although this share is on the rise due to budget adjustments in recent years. The market for medical equipment and devices is estimated at approximately USD 8.5 billion. The regions of Madrid and Catalonia account for over 80 percent of medical equipment sales.

Small and medium sized companies make up 90 percent of the market and account for more than 40 percent of the sales. Large companies account for only 8 percent of the market but they generate approximately 60 percent of the sales. Most of the large U.S. names are well-established in Spain.

Government measures to reduce the country's budget deficit over the last several years have had a substantial impact on the level of procurement. According to sector sources, the sector experienced a setback of 3 percent during the period of 2011-2017.

After several years of adjustments, the proposed annual healthcare budget for 2018 reflects a 3.9 percent increase over the budget for the previous year. However, the distribution of the increase is uneven throughout the regional governments. Furthermore, although the Central Government authorizes the full amount of the healthcare budget, each of the 17 regional governments administers its respective budget. Per capita expenditures in 2017 ranged from USD 1,256 in Andalusia to USD 1,864 in the Basque Country.

Official statistics for the sector are not available. The above figures are not all-inclusive but reflect market trends. Because of the difficult economic situation over the past few years, demand for products had decreased and cost-efficiency has become a determining factor in many cases. Pricing continues to be a deciding factor when it comes to procurement. Single use items from Asia have grown in popularity because of greater cost control.

According to FENIN, the Spanish healthcare technology federation, the tendency in the main sectors are as follows:

Sector Tendencies in the Market of Healthcare Technologies

Cardiology	2.0%
Single use items	3.0%
Implants	3.0%
Wound care materials and dressings	3.0%
Home care oxygen treatment (except medicinal gas)	3.0%

Dental	2.3%
In Vitro Diagnostics	0.2%
Ophthalmology	1.2%
Systems & Technology of Clinical Information	16.7%

The sector continues to rely heavily on imports, USD 6.5 billion in 2017. Germany accounts for approximately 50 percent of the imports, while the United States has approximately 25 – 30 percent of the market share. Most of the well-known U.S. brands are well-established in the Spanish market.

Spanish manufacturers are compensating for the drop in domestic activity by stepping up their international activities. Medical device exports from Spain have increased over 30 percent between 2012-2017. The figure for 2017 is estimated to be in the USD 2.8 billion. Europe continues to be the principal destination for exports in this sector, with 70 percent of exports going to Germany, Portugal, Belgium, France and Italy.

Medical products and devices must have the CE mark and need to be imported by a company that has the corresponding authorization to handle medical products. This permit is issued by the Ministry of Health. As a result of the development and expansion of the EU market and the requirement for the CE Mark, many U.S. companies have been centralizing their manufacturing and import operations into one single EU country from which they register and distribute their products to the rest of the EU.

Official tenders are used for most public healthcare sector purchases. There is a pre-selection process among the competing companies prior to the open bid. During pre-selection, supplying companies present the hospital with descriptions of their products and their prices. After reviewing the proposals, the hospital chooses the companies considered the most suitable. Tenders are not used in the private sector. Normally, private hospitals select a small number of suppliers from whom they make direct purchases. Non-EU and U.S. companies need to have either a Spanish distributor or their own branch in Spain in order to participate in official tenders and to avail of other market opportunities, as also to provide the after-care service required by law.

Refurbished medical equipment can be imported, but both public and private medical providers in Spain have traditionally shown interest only in new equipment. As is the case for new equipment, refurbished equipment must follow CE mark and registration with the Ministry of Health requirements.

Leading Sub-Sectors

Prior to the current crisis, diagnostics, orthopedics and disposable items had accounted for 70 percent of the market. Now that the market is slowly recovering, best products would include innovative and efficient cardiology, respiratory/anesthesia, neurology, orthopedic, MRA, ETP, CT, and dermatology/wound treatment products. The area of personalized medicine will continue to prosper. Minimally invasive technologies, primarily in the areas of cardiology and robotics, are growing more popular as well, due to the lower cost of treatment. As a result of the increasingly aged population, the demand for home care and hospice products should increase slowly but steadily according as the economy improves. While there is a good demand for disposables, Asian products are gaining in popularity because of greater cost control.

Opportunities

Spanish professionals, both manufacturers and distributors attend the Medica trade fair that takes place every November in Düsseldorf, Germany. Many of the Spanish manufacturers that exhibit at Medica also import products.

Web Resources

Spanish Ministry of Health

Secretary of State for Commerce, Ministry of Industry, Commerce and Tourism, Foreign Trade Statistics
Association: The Spanish Federation of Manufacturers, Exporters and Importers of medical devices (FENIN)

Directory: The Guia Puntex: importers, exporters and manufacturers of medical devices
Association: KPMG in Spain: auditory, fiscal, and advisory services through an international network.

U.S. Commercial Service Spain:

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Outbound Travel and Tourism

This is a best prospect industry sector for Spain, including a market overview and trade data.

Overview

Total Inbound/outbound Travelers to/from Spain	2015	2016	2017 *	2018 (est.)
Number of travelers into Spain	68,215,000	75,300,000	82,000,000	82,000,000
Number of outbound Spanish travelers	15,066,000	15,500,000	17,289,487	17,500,000
Receipts (USD billions)	56.5	60.4	68.0	73.0
Payments	17.8	19.3	20.5	24.5
Outbound Spanish Travel to the U.S.				
Number of travelers to the U.S.	743,000	770,000	801,697	802,000
Travel Receipts (USD – billions)	1.6	1.7	1.71	1.73

Exchange rate - Euro 1: USD1	1.1095	1.1069	1.1297	1.23
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Data Sources: *Spanish Market: IET (Spanish Tourism Institute),*

* U.S. Market: *Dept. of Commerce National Travel and Tourism Office. Preliminary 2016 and preliminary 2017 I-94 visitor arrivals data will be revised during calendar year 2018. Preliminary data may reflect an undercount in 2016 and 2017 of overseas (excludes Canada and Mexico) visitor arrivals to the United States.*

Spain is not only one of the world's leading tourism destinations; it is also an important source of outbound tourists. Estimates of outbound travel to the United States for 2017 is currently placed at 801,697. In terms of the number of travelers to the United States from within Western Europe, Spain ranks fifth behind the U.K., Germany, France, and Italy. It is also the 15th largest international outbound market for the United States.

The sector is a major component of the Spanish economy, accounting for more than 11 percent of the country's GDP and employing approximately 13 percent of the active population. Figures released in late January 2018 by the Ministry of Industry, Commerce and Tourism, indicate that the number of visitors in 2017 had increased to 82 million, an increase of 8.9 percent over 2016. This large increase was due, in part, to security issues in other popular Mediterranean and North Africa tourism destinations, i.e. Turkey, Egypt, Tunisia, etc. Spain ranks second worldwide in terms of the number of visitors following France and in receipts, following the United States. Sector sources indicate, however, that the number of visitors to Spain in 2018 may be similar to that of 2017 due to the recovery of the Turkish market, which are major destination for German and British tourists.

The Spanish economy had one of the highest growth rates in Europe in 2017 at 3.1 percent. Travel to the United States from Spain continued the upward trend of the past several years. Travel in 2017 is reported at 801,697, a six percent increase over the previous year. Statistics through August 2018 show an annual increase of 2.7 percent.

European destinations accounted for approximately 80 percent of trips made outside of Spain in 2017. Traditionally, the most popular destinations are France, Portugal and Italy, followed by the U.K., and Germany. The Americas account for almost 10 percent of long distance travel, with over four percent visiting the United States. The most popular long-haul destination is the United States, followed by Mexico, the Dominican Republic, Ecuador and Brazil. Asia receives approximately four percent of all long-haul travelers, while eight percent travel to Africa, with Morocco leading the way with over six percent of the travelers.

New York continues to be the top destination, followed by Florida and the West coast. The majority of Spanish travelers are repeat visitors and are no longer hesitant to include several destinations in their itineraries. The regions that generate most U.S.-bound travelers are Madrid, Barcelona, Valencia and the Basque Country Package tours remain popular and operators are adjusting their programs to meet their clients' demands. The number of travelers making their arrangements directly continues to rise. Rather than use Internet just for travel information, travelers increasingly use it to purchase tickets and to make hotel reservations. Top product categories for online purchases by consumers are travel and hotel, ticket services. The number of visitors claiming to use pre-paid packages when traveling to the United States is reported at 8 percent.

According to U.S. Dept. of Commerce (TINET) statistics, Spanish travel habits (net purpose) are as follows: leisure and visits to friends and relations - 82 percent; business and convention - 20 percent. The ongoing interest of Spanish companies in investing in the United States will increase the volume of business travel.

Leading Sub-Sectors

The most popular state destinations continue to be New York, Florida, California, followed by Arizona with the Grand Canyon, and Nevada with Las Vegas, followed by Colorado (ski + drive). Additionally, Hawaii, Alaska, Washington, D.C., Boston, Massachusetts, National Parks, theme parks and Indian reservations are attractive destinations. Destinations with easy access to golf courses are also starting to be of interest. Skiing is another area of interest, particularly in the Colorado area.

Opportunities

The close commercial ties between the two countries and the increasing awareness and curiosity about the United States in general, particularly among the younger generation, coupled with an improving economy, make Spain a market of opportunity for a wide variety of U.S. destinations.

Industry sources maintain that the increased use of Internet and online purchases combine to make online travel arrangements more attractive.

The increased number of direct routes will also have an impact. There are now direct flights to Boston, New York, Washington, D.C., Philadelphia, Charlotte, Atlanta, Fort Lauderdale, Dallas, Chicago, Miami, Los Angeles and San Francisco. Iberia has recently inaugurated a low-cost company, Level, with a seasonal flight to Oakland. Norwegian also has flights to Fort Lauderdale, Newark, and Oakland (covering Los Angeles and San Francisco).

The key to success for U.S. operators and destinations is promotion. The increased competition among local travel industry companies has led to aggressive campaigns, not only in price but also in more varied product offerings. This renewed interest in broadening the range of options available to the traveler provides a good opportunity for U.S. entities to highlight destinations with special unique features as well as their services and products. Of special interest are spin-offs from the principal gateway cities, outdoor activities, and the National Parks.

Spain's premier travel and tourism fair, [FITUR](#), will take place in Madrid January 23-27, 2019. It is an excellent showcase for U.S. travel and tourism entities and destinations to actively reach out to the tour operators and the travel press in this promising market. Given the popularity of this show with Latin American operators, it is also an excellent venue for professionals coming from that region.

[FITUR 2019](#)
Madrid,
January 23-27,2019

FITUR is a priority for Commercial Service Spain (CS Spain). FITUR is not only Spain's largest travel and tourism fair, it is also the third largest travel event in Europe, after London and Berlin. CS Spain actively supports the U.S. Department of Commerce's, certified USA Pavilion at FITUR. For more information, please check out the following [website](#).

The VisitUSA Committee also focuses on creating greater awareness and knowledge of the United States and promoting U.S. destinations. The VisitUSA Committee and CS Spain collaborate closely throughout the year in promoting the opportunities of the Spanish travel market to selected U.S. destinations through a variety of activities including workshops and promotional activities. The Visit USA Committee is actively supporting the

USA Pavilion at FITUR 2019. For more information on special conditions for Committee members please contact: Victor Muntane, President, VisitUSA Committee Spain:

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Web Resources

- [Spanish Ministry of Industry, Commerce & Tourism](#)
- [Spanish Tourism Institute](#)
- [U.S. Dept. of Commerce Office of Travel & Tourism Industries](#)

Media

- [Hosteltur: hosteltur.es](#)
- Daily Press: Nexotur, www.nexotur.es
- [U.S. Dept. of Commerce Office of Travel & Tourism Industries](#)

[U.S. Commercial Service Spain:](#)

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Safety & Security

This is a best prospect industry sector for Spain, including a market overview and trade data.

Overview

Safety and security is defined for Spain's Country Commercial Guide as the Equipment and Services used to protect the assets (whether a person or an organization) by creating safe, secure, risk-free conditions. Security pertains to protection against criminal activities and threats (real and perceived) like employing a guard or installing video cameras, while safety is concerned with the protection of human lives and assets against hazards (mishaps and accidents).

Security Equipment

Spain's security equipment manufacturing industry is roughly a \$1.9 billion industry, making it the fifth largest in Europe. National production consists of basic products like fire extinguishers, locks, and safes, although there is some production of more sophisticated items such as access controls. National manufacturing capacity is not sufficient to meet local requirements. Spain has a trade deficit equivalent to ten percent of its security equipment demand and relies on imports from the key trading partners like China, France, Germany, Italy, UK and the U.S. This makes the U.S. a great supplier source for the Spanish demand.

Source: Fredonia Inc. <https://www.fredoniagroup.com/>

The strongest growth is shown in the segments of access controls, closed-circuit TVs and other upper-end electronic security products and systems. Double-digit annual increases in product demand are estimated to continue through 2019. This reflects the impact of technological advances and falling costs that have made electronic security equipment more attractive as well as the continuing influence of measures passed following the 2004 Madrid terrorist attack.

The increasing installation of high-value biometric access controls, such as those identifying a person by their fingerprint or vein pattern, will also boost sales in Spain as companies and government facilities look to upgrade to more effective technologies.

Much of Spain's security equipment production is comprised of small and mid-sized firms. The most relevant Spanish manufacturers include: Bunker Seguridad Electronica, DORLET, Fermex Electronica, Grupo Aguilera and JR Sistemas de Seguridad. Foreign multinationals with security product plants in the country include ASSA ABLOY, Ingersoll-Rand, Sony and United Technologies (via its Onity unit). ASSA ABLOY's Talleres de Escoriaza SAU (TESA) unit manufactures mechanical locks and related accessories from plants in Guipuzcoa and Madrid, while the A2 Software unit produces software for locking systems from a factory located in Tarragona.

Barriers

U.S. manufacturers need local representation to be competitive and is strongly recommended if participating in public tenders in Spain.

Payment terms, which can be significantly long in some cases, may act as a barrier to an effective conclusion of distribution and sales agreements. The exchange rate evolution and the long-term financing required in some cases should also be taken in consideration.

The August 2017 Barcelona terrorist attacks and the 2015-2017 attacks across Europe have focused greater attention on the threats posed by terrorists and acted as a spur for Spanish authorities to enhance emergency planning and response capabilities. While Spain has a tradition of quite effective coordination among its counter terror and public safety agencies, some inter-agencies coordination problems are an obstacle to harmonized efforts to carry out the country's counter terror and public safety missions. This phenomenon increases the national markets due to duplication of purchased systems.

Leading Sub-Sectors

- Video Surveillance Systems (including: CCTV/Video surveillance, Video Management, Video Analytics);
- Intrusion Detection/Burglar Alarm systems (including: Door alarm monitoring, Sound and glass break sensors, Security system monitoring);
- Electronic Access control System (including: Proximity and Smart cards, Electromechanical locking solutions, Biometrics);

- Entrance Solutions (including: Mechanical locks, Automated gates, Vehicles barriers, Turnstiles, Roll-up doors);
- Physical Security (including: Fencing, Grilles, Bullet resistant glazing, Mechanical window coverings, Safes, Locks);
- Scanning Equipment (including: Narcotics/explosive/metal detectors, Scanning and screening equipment);
- Article Surveillance Systems (including: RFID systems, proximity tag systems);
- Personal Protections Products (including: Goggles, Bullet proof vests, Mace);
- Protection services (including: Bodyguards, Security guard services);
- Consultancy Services (including: Risk analysis, Risk management, Disaster recovery, Business continuity, Organizational resilience);
- National Security (including: Counter terrorism, Border security, Critical infra., Command & control, Law enforcement eq.);
- Fire & Rescue (including: Fire/smoking detection, Fire suppression, Fire proofing, Leak detection, Protective gear)

Current Market Trend

There is increased demand for integrated solutions, such as security solutions that cover on-site and immediate response personnel, intelligent video surveillance systems, biometrics solutions, electronic security, alarm systems, and fire-related security systems to help increase city's resilience and response time.

The Spanish economic context and austerity measures still have a clear impact on safety and security demand. Nevertheless, there are many products that are expected to maintain a high degree of interest in the market like: explosives detection equipment, equipment for scientific police, law enforcement and high-end surveillance systems.

Opportunities

In general, U.S. safety and security products enjoy an excellent reputation as being high quality and state-of-the-art. Teaming with a Spanish counterpart should be considered as a primary option to develop an effective market access strategy. Most multinationals in the sector are present in Spain directly or through partners.

Spain's market for safety & security products is sophisticated and well served. Local defense and security companies are well entrenched in the Spanish security market. Even with a preference for locally manufactured products, foreign products can usually compete strongly based on price and innovation.

Source: <http://homelandsecurityresearch.com/2017/03/spain-public-safety-homeland-security-market-2018-2022/>

In the safety area, wildfire firefighting equipment and services are also in demand. Partnering with a Spanish company that has successfully participated in public tenders is recommended.

Specific Sector Opportunities

- The European Commission passed a legislative framework requiring all hold baggage screening in Europe be equipped with European Civil Aviation Conference (ECAC) Standard 3-approved explosives detection systems (EDS). Airports must have these systems in use by 2018 in the U.K., 2020 in the rest of Europe, and 2022 in countries with specific circumstances. Increasing security threats have led to higher needs for detection, enhanced regulatory standards, and the need for increased efficiencies.

Source and additional reference:

http://www.europarl.europa.eu/RegData/etudes/BRIE/2017/599358/EPRS_BRI%282017%29599358_EN.pdf

- The Fire Safety Equipment sector in Spain also presents several opportunities for fire prevention and fire control initiatives. Below are the Spanish tender notices, project information, procurement news, procurement plans, and contract awards.

Source and additional reference: <http://www.globaltenders.com/tenders-spain/spain-fire-safety-security-tenders.php/>

- Port Security - One of the greatest challenges to the development of a smart port is the rising threat of cyber-attacks and the need for increased cyber and physical security. Ports around Spain have begun to install cameras at terminal entrances to keep a registration of vehicles accessing port territories and systems of so-called "remote security" to provide security personnel with wireless devices, direct access to port databases, control of cargo activity, vehicles, and/or persons inside the port to promote smart port security technology. Furthermore, because many companies invested in the port industry are responsible for physical goods as well as customer data, many ports require modernized and guarded security systems. The U.S. is a great source for these types of innovative technologies.

Source: SIS Global Security and www.puertos.es

Web Resources

Name of event: SICUR 2020
 Date: February 25-28, 2020
 Location: Madrid, Spain
 Description: SICUR brings together the entire safety and security industry in Spain.
 It is held every two years. The fair has over 600 direct exhibitors and attracts 40,000 trade visitors

Name of event: GSX-Global Security Exchange
 Website: <https://www.gsx.org/>
 Date: September 23-27, 2018
 Location: Las Vegas, USA
 Description: Formerly known as the ASIS International Annual Seminar & Exhibits, Global Security Exchange is the world-class education, networking, and solutions marketplace the industry has come to know and value.

The following associations are excellent sources of market information in Spain:

[Association of Spanish security companies \(AES\)](#)

[Association of private security services \(APROSER\)](#)

[Association of safety equipment \(ASEPAL\)](#)

[Association related to protection against fire \(Tecnifuego AESPI\)](#)

[U.S. Commercial Service Spain:](#)

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Agricultural Sector

Following below are several best prospects for Spain in the agriculture sector, including a market overview and trade data.

Seafood

Overview

Spain	2015	2016	2017	2018
Total Market Size	7,847,205	8,349,646	8,614,959	8,250,000
Total Local Production	5,100,000	5,150,000	5,200,000	5,250,000
Total Exports	2,874,879	3,147,441	3,567,541	3,500,000
Total Imports	5,622,084	6,347,087	6,982,500	6,500,000
Imports from the U.S.	133,834	133,949	102,674	100,000
Average Exchange Rate:	1.1095	1.1069	1.1297	1.23

**Estimate*

\$US thousands (total market size = (total local production + imports) - exports)

Data Sources:

Total Local Production: FAS Madrid estimates

Total Exports: Global Trade Atlas (GTA)

Total Imports: Global Trade Atlas (GTA)

Imports from U.S.: Global Trade Atlas (GTA)

Data corresponds to HS Code 03 (Fish and Crustaceans, Mollusks and other aquatic Invertebrates).

Spain is an enormous market for fish and seafood. In 2017, Spain was the fourth largest importer of fish and seafood in the world and is a net importer of these products, after the United States, Japan and China. Spain has the largest fish processing industry in Europe and has a high per capita consumption and a high per

capita expenditure on fish and seafood products. Furthermore, Spanish fish and seafood production through commercial fishing and aquaculture is not sufficient to meet domestic demand and imports thus remain a key element in sustaining the category. Top sellers from the United States in 2017 include lobsters, surimi, hake, cod, albacore tuna, cod and squid.

Web Resources

[Ministry of Agriculture, Food and Environment](#) (MAPAMA) Fishing
[NOAA Fisheries "How to export seafood to the European Union"](#)
[NOAA Seafood Inspection Program](#)

[FAS USEU Mission](#)
[FAS GAIN Attaché Reports](#)
 FAS Madrid Contact: AgMadrid@fas.usda.gov

Tree Nuts

This is a best prospect industry sector for Spain, including a market overview and trade data.

Overview

Spain	2015	2016	2017	2018*
Total Market Size	3,246,558	1,298,075	2,478,565	2,680,000
Total Local Production	3,158,000	1,080,000	2,310,000	2,500,000
Total Exports	984,866	767,159	713,995	720,000
Total Imports	1,073,424	985,234	882,560	900,000
Imports from the U.S.	739,874	712,739	595,290	600,000
Average Exchange Rate:	1.1095	1.1069	1.1297	1.23

**Estimate*

\$US thousands (total market size = (total local production + imports) - exports)

Data Sources:

Total Local Production: FAS Madrid estimates

Total Exports: Global Trade Atlas (GTA)

Total Imports: Global Trade Atlas (GTA)

Imports from U.S.: Global Trade Atlas (GTA)

Data corresponds to HS Code 0802 (Nuts NESOI, Fresh or dried).

Opportunities

Spain is a major import market for tree nuts and the United States is the primary supplier to the national market. In 2017, U.S. exports of nuts to Spain almost reached USD 714 million, led by almonds, valued at over USD 449 million followed by walnuts and pistachios. In Spain, tree nuts are part of the traditional Mediterranean diet and with consumption split between the snack food and the ingredient categories. Tree nuts enjoy an excellent image related to health and nutrition.

The U.S. share of the Spanish almond market is expected to remain unchanged at about 90 percent. Spain is a major processing and distribution center for California almonds in Europe. The nuts are imported and reprocessed domestically to then re-export them to third countries. U.S. walnuts, both shelled and in-shell are also making important inroads in the Spanish market.

Web Resources

[Ministry of Agriculture and Fisheries, Food and Environment](#)

[Almond Board of California](#)

[California Walnut Commission](#)

[FAS USEU Mission](#)

[FAS GAIN Attaché Reports](#)

FAS Madrid Contact: AgMadrid@fas.usda.gov

Distilled Spirits

This is a best prospect industry sector for Spain, including a market overview and trade data.

Overview

	2015	2016	2017	2018
Total Market Size	3,060,465	3,052,667	2,956,396	2,980,000
Total Local Production	2,690,000	2,700,000	2,580,000	2,600,000
Total Exports	627,776	663,827	662,480	670,000
Total Imports	998,241	1,016,494	1,038,876	1,050,000
Imports from the U.S.	146,690	143,640	120,657	130,000
Average Exchange Rate:	1.1095	1.1069	1.1297	1.23

**Estimate*

(\$US thousands (total market size = (total local production + imports) - exports)

Data Sources:

Total Local Production: FAS Madrid estimates

Total Exports: Global Trade Atlas (GTA)

Total Imports: Global Trade Atlas (GTA)

Imports from U.S.: Global Trade Atlas (GTA)

Data corresponds to HS code 2208 (Ethyl Alcohol, Undenatured, Of An Alcoholic Strength By Volume Of Under 80% Vol.; Spirits, Liqueurs And Other Spirituous Beverages)

Opportunities

The recovery of the Spanish economy is having some positive effects on the spirits industry, as consumers are going out again and spending more on leisure and thus, on alcoholic drinks. Despite being a relevant producer of spirits, Spain imports 43 percent of the spirits consumed. The most consumed spirit is whiskey, with tequila and gin still increasing in popularity.

The main players within the spirits category have been active in introducing premium and super premium brands in the market to capture higher margins. Increasing consumer sophistication will benefit premium and super premium brands, especially rum and gin categories, but also bourbon, though the stronger dollar will be a challenge for exporters.

Web Resources

[Ministry of Agriculture and Fisheries, Food and Environment](#)

[FAS USEU Mission](#)

[FAS GAIN Attaché Reports](#)

FAS Madrid Contact: AgMadrid@fas.usda.gov

Pulses and Legumes

This is a best prospect industry sector for Spain, including a market overview and trade data.

Overview

Spain	2015	2016	2017	2018*
Total Market Size	272,356	275,402	274,030	278,000
Total Local Production	128,000	138,000	128,000	130,000

Total Exports	9,557	16,467	22,776	22,000
Total Imports	153,913	153,869	168,806	170,000
Imports from the U.S.	43,009	47,891	61,876	65,000
Average Exchange Rate:	1.1095	1.1069	1.1297	1.23

**Estimate*

\$US thousands (total market size = (total local production + imports) - exports

Data Sources:

Total Local Production: FAS Madrid estimates

Total Exports: Global Trade Atlas (GTA)

Total Imports: Global Trade Atlas (GTA)

Imports from U.S.: Global Trade Atlas (GTA)

Data corresponds to HS Codes 071340, 071320, 071333 (Lentils, Chickpeas and Dry beans))

Opportunities

In Spain, legumes are a fundamental part of traditional diet. Spain is a net importer and the largest consumer of pulses in the EU. Dry legumes dominate the market, compared with canned products; however, canned legumes have registered a steady increase over the years, most likely due to changing eating habits towards ready-to-eat products. The increased interest in consumption and the limited domestic supply of dry beans opens opportunities for imports to the country. U.S. exports in this market are led by lentils followed by chick peas. Furthermore, Spanish companies also process and re-export dry edible beans within the EU market.

Web Resources

[Ministry of Agriculture and Fisheries, Food and Environment](#)

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FAS Madrid Contact: AgMadrid@fas.usda.gov

Cereal

This is a best prospect industry sector for Spain, including a market overview and trade data.

Overview

	2015	2016	2017	2018
Total Market Size	6,989,165	7,510,858	6,359,338	7,750,000

Total Local Production	4,356,083	4,917,028	3,530,165	4,600,000
Total Exports	472,158	412,390	440,427	450,000
Total Imports	3,105,240	3,006,220	3,269,600	3,600,000
Imports from the U.S.	75,598	46,825	56,469	60,000
Average Exchange Rate:	1.1095	1.1069	1.1297	1.23

**Estimate*

\$US thousands Total Market Size = (Total Local Production + Total Imports) - (Total Exports)

Data Sources:

Total Local Production: FAS Madrid estimates

Total Exports: Global Trade Atlas (GTA)

Total Imports: Global Trade Atlas (GTA)

Imports from U.S.: Global Trade Atlas (GTA)

Data corresponds to HS Code 10 (Cereals).

Opportunities

Depending on the size of the domestic grain crop and feed demand, Spain has an annual grain deficit of between 9 and 12 million metric tons. In 2017, Spain produced over 24 million metric tons of feed, which boosted import needs. The dynamic Spanish export-oriented livestock sector ensures a strong feed ingredients demand. Bulk commodity trading companies based in Spain are the main gateway to the Spanish feed and food grains market.

As far as food grains are concerned, U.S. exports of wheat to Spain are losing competitiveness against other origins, on average, U.S. wheat exports to Spain amount to nearly 200,000 MT every year. Wheat imports from the United States consist mainly in food grade soft wheat. In contrast to other EU countries, Spain is a net exporter of durum wheat so durum imports are negligible.

Spain's total corn imports continue to grow steadily due to increased competitiveness of corn compared to other feed grains. In 2017, despite the limits imposed by the asynchronous approval of biotech events in the EU, the United States managed to export significant volumes of corn to Spain (245,000 MT).

Web Resources

[Ministry of Agriculture and Fisheries, Food and Environment](#)

[FAS USEU Mission](#)

[FAS GAIN Attaché Reports](#)

FAS Madrid Contact: AgMadrid@fas.usda.gov

Customs, Regulations & Standards

Includes Import and Customs requirements, regulations and contact information as well as trade standards, barriers (tariff and non-tariff), and agreements.

Trade Barriers

For more information and help with trade barriers please contact:

[International Trade Administration](#)

[Enforcement and Compliance](#)

(202) 482-0063

ECCommunications@trade.gov

The United States and the EU are committed to ongoing cooperation aimed at reducing or eliminating barriers to trade and investment. American businesses in Spain have few complaints about trade barriers.

American construction firms note that they have not been able to win public-sector construction contracts in Spain, although they have not specifically alleged systematic discrimination against them by Spanish authorities. Spanish counterparts have won many large public-sector construction contracts in the United States, which has prompted typically very competitive American firms to ask why they are not similarly successful in the Spanish market.

Commercial cultivation of genetically engineered crops in the EU is limited to just over 130,000 hectares of MON810 corn in Spain (95 percent) and Portugal (5 percent) in 2017. Regulatory constraints that prevent this area from further growth include a cultivation ban in 18 member states, strict coexistence rules and mandatory field register.

New GE crops are entering the global market place at an increasingly rapid rate. The EU regulatory procedures for approving biotech plants take significantly longer than those in supplier countries. This has led to a widening gap between GE products deregulated and grown in the United States, and other biotechnology growing countries, and those approved in the EU, resulting in the partial or complete disruption of trade in affected commodities and processed products. This represents a problem for commodity trading companies, as it limits their sourcing options and increases the risk in their operations with those countries where non-yet approved events are grown. Shipments of agricultural commodities destined for the EU have been rejected when traces of such events have been detected at the point of entry. Also, delays in approval in the EU impact farmers' planting decisions in third countries that want to remain an agricultural supplier to the EU.

The effect of these asynchronous approvals is reinforced by the EU's policy for low level or adventitious presence of events. Commodity trading companies see the risk of their operations increased when trading with countries where non-yet fully approved events are grown, despite those GE crops are not the product they are trading with, as low-level presence may appear throughout the different links of the commodities supply chain.

Seed trade is affected by the zero tolerance of adventitious presence. The fact that the EU-28 only allows cultivation of MON810, serves as a trade barrier for U.S. seed exports containing or with adventitious presence of other GE events. A threshold level for adventitious GE material presence has not yet been set. As

a consequence, the EU-28 is forced to either produce its corn seeds domestically or import seeds from a limited number of origins where seed is produced under restrictive conditions that prevent from cross-contamination with non-yet approved for cultivation events.

Spanish broadcasters are required by law to reserve 51 percent of their annual broadcast time for European audiovisual (AV) productions. Television operators are also obliged to contribute five percent of their annual earnings to finance European feature-length films and series for European television, with 60 percent of the “investment quota” being spent on AV productions in one of Spain’s official languages. In March 2010, the revised General Audiovisual Law (Law 7/2010) was adopted, imposing restrictions on the holding or lease of audiovisual communication licenses by individuals or legal entities that are nationals of non-European Economic Area countries.

A new Cinema Law came into effect in December 2009 ([Royal Decree 2062/2008 of 12 December](#)). This Decree expanded on all aspects of the Cinema Law aside from the creation of a section on AV works in the register of Personal Property, which will be dealt with by a separate law. The Regulation contains anti-piracy measures. The regulation also changed mandatory proceedings that film production companies are obliged to make with Spanish authorities, simplifying the process to obtain a certificate of nationality, film qualification, distribution certificates, or registration in the Register of AV companies. The regulation also contains a provision to allow the production companies and TV channels to agree on how to invest 5 percent of the TV companies’ gross income. TV channels can decide when and on which films they shall invest. In addition, the regulation gives an incentive to Economic Interest Associations to invest in movie production, opting for the same forms of aid as other film production companies.

The law also favors co-productions with foreign companies by easing the requirements for the approval of such initiatives. Movie theaters are also obliged to show cinematographic works from EU member countries in any version. Throughout the course of one calendar year, at least 25 percent of total sessions will have to be EU cinematographic works. Cinematographic works from third countries in original version with subtitles are exempted from the total.

A new Catalan Cinema Law came into force on 7 July 2010. The Catalan Cinema Act imposes on film distributors the obligation to dub and subtitle in Catalan 100 percent of the digital prints, of any film dubbed or subtitled that is to be released in Catalonia. At the same time, the Act imposes on film exhibitors the obligation to exhibit such films. The Act does not provide for any funding mechanism to comply with the dubbing/subtitling obligation. All U.S. films are caught by the dubbing/subtitling obligations, whereas films in O.V. Spanish (amongst which, Latin American) fall out of the scope.

In September 2011, film distributors and exhibitors and the Catalan Government entered into a cooperation agreement. This Agreement established a network of movie theaters exhibiting films dubbed in Catalan, with distributors committing to provide prints in Catalan for a few new films each year. The Catalan Administration committed to fund the dubbing, and amend the law when possible.

After the European Commission found Article 18 of the legislation discriminatory towards other European countries (June 2012), the Catalan Government amended the law by removing European works from the scope of the obligation and therefore leaving the quotas for non-European works only.

The amending legislation never passed since the Parliament closed due to early elections.

The European Commission (EC) requested updated figures and kept the file open, but has not brought the case before the EUCJ.

In March 2014, the Catalan Government established a tax on the provision of content by Internet Service Providers (ISPs), with a fixed quota on 0.25 euros per month for each connection contract signed in Catalonia.

The act explicitly established that ISPs cannot pass on the amount of the tax to the taxpayer.

Import Tariff

Spanish Customs values shipments at C.I.F. (cost, insurance and freight) prices. For U.S. products, the tariff rate averages five percent. A registered customs agent must clear all shipments through customs. Usually, total costs to clear customs are between 20 to 30 percent of the shipment's C.I.F. value. This estimate includes tariffs, a 21 percent Value Added Tax (VAT), plus customs agent and handling fees. Total costs are lower for goods assessed at lower VAT levels (i.e. foodstuffs).

Additional detailed information on customs duties is available [here](#).

The rules applying to specific products being imported into the customs territory of EU or, in some cases, exported from it, are available in the Integrated Tariff of the Community, referred to as TARIC (Tarif Intégré de la Communauté). The TARIC is also used to help determine if a license is required for a particular product.

The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the [Directorate-General for Taxation and the Customs Union](#). The online TARIC is updated daily. Moreover, the European Commission maintains an export helpdesk with information on import restrictions of various products - Export Help.

Import documentation and tariffs for agricultural products are similar to those of other EU countries. Some agricultural commodities such as soybeans, sunflower seeds, corn by-products and lumber are tariff free or subject to minimal tariffs. However, the majority of food and agricultural products covered by the EU's Common Agricultural Policy (CAP) like grains are subject to tariffs, tariff rate quotas, and / or variable import levies which significantly restrict access to the Spanish market.

For information on EU regulations on imports, please refer to [Doing Business in the European Union: 2018 Country Commercial Guide for U.S. Companies](#)

[Import Requirements & Documentation](#)

Import Documentation

A copy of the commercial invoice should accompany the shipment to avoid delays in customs clearance. It is worth noting that imprecise descriptions are a common reason for goods being held without customs clearance, meaning that a clear description of the goods is essential and should be worded in such a way as to describe the goods to an individual who may not necessarily have an understanding of a particular industry

or article. A clear description of goods should satisfy three basic questions as to what the product is, for what it is used, and of what it is made.

No special form of invoice is required, but all of the details needed to establish the true value of the goods should be given. At least two additional copies of the invoice should be sent to the consignees to facilitate customs clearance.

Companies doing business in the EU or companies exporting to the EU (i.e. Authorized Economic Operators) need an Economic Operator Registration and Identification number (EORI) for Customs Declarations and to apply for Authorized Economic Operator status. Once a company has an EORI it will be valid throughout the EU customs union and is expected to expedite customs processing.

[Click here for details of Customs requirements](#)

The U.S. and the EU have had an [agreement](#) on customs cooperation and mutual assistance in customs matters since 1997.

Spanish Requirements

While Spain does not enforce any quotas on products manufactured in the U.S., it still requires import documents, which are described below, none of which represent a trade barrier for U.S.-origin goods.

Import Authorization: (Autorización Administrativa de Importación, AA) is used to control imports subject to quotas. Although there are no quotas against U.S. goods, this document may still be required if part of the shipment contains goods produced or manufactured in a third country. For goods of U.S.-origin, the document is used essentially for statistical purposes or national security.

Prior notice of imports: (Notificación previa de importación) is used for merchandise that circulates in the EU Customs Union Area, but is controlled for statistical purposes. The importer must obtain the document and present it to the General Register.

Importers may apply for import licenses at the Register of Spain's Secretariat of Commerce or at any of its regional offices. A commercial invoice that includes freight and insurance, C.I.F. price, net and gross weight, and an invoice number must accompany the license application. Customs accepts commercial invoices by fax. The license, once granted, is normally valid for six months, but may be extended if adequately justified.

Goods shipped to a Spanish customs area without proper import licenses or declarations are usually subject to considerable delay and may run up substantial demurrage charges. Prior to making shipments, U.S. exporters should ensure that the importing party has obtained the necessary licenses. In addition, U.S. exporters should have their importer confirm with Spanish customs whether any product approvals or other special certificates will be required for the shipment to pass customs.

Fines and Penalties

Regulations establish fines for actions delaying normal customs procedure. Fines usually range between EUR 30 – 60 (USD 33 – 66).

To better protect the environment, the European Union has updated certain regulations on products including batteries, chemicals, cosmetics, agriculture and more. These changes include the EU Battery Directive, REACH (Registration, Evaluation and Authorization and Restriction of Chemicals), WEEE Directive (Waste Electrical and Electronic Equipment, RoHS (Restriction on Hazardous Substances), cosmetics regulations, phytosanitary certifications and sanitary certifications. For more information regarding these changes in regulations, refer to <https://www.export.gov/article?id=European-Union-Import-Requirements-and-Documentation>.

Labeling/Marking Requirements

Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary labeling schemes might still apply. These schemes may be highly appreciated by consumers, thus become unavoidable for marketing purposes.

Manufacturers are advised to take note that all labels require metric units although dual labeling is acceptable. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the right of member states to require the use of the language of the country of consumption.

The standard U.S. label does not comply with the EU's labeling requirements. On December 13, 2014, the EU's new "[Food Information to Consumers \(FIC\)](#)" [Regulation 1169/2011](#) became applicable and introduced new obligations and changes to the existing rules. The FIC regulation established new horizontal labeling requirements and repealed labeling directive 2000/13/EC, as well as nutrition labeling directive 90/496/EEC and warning labels directive 2008/5/EC.

Detailed information on this labeling requirements can be found in the [GAIN report "How to comply with the EU's new food labeling rules"](#)

[The European Union Country Commercial Guide](#)

Key Links:

[CE Marking](#)

[Revised CE Marking Laws Applicable in 2016](#)

[Harmonized Standards](#)

[New Legislative Framework](#)

The Eco-label

The EU eco-label is a voluntary label, which U.S. exporters can display on products that meet high standards of environmental awareness. The eco-label is intended to be a marketing tool to encourage consumers to purchase environmentally friendly products. The criteria for displaying the eco-label are strict, covering the entire lifespan of the product from its manufacture, use, and disposal. These criteria are reviewed every three to five years to take into account advances in manufacturing procedures. There are currently 30 different product groups, and approximately 1,300 licenses have been awarded for several hundred products.

Applications to display the eco-label should be directed to the competent body of the member state in which the product is sold. The application fee will be somewhere between €275 and €1600 depending on the tests

required to verify if the product is eligible, and an annual fee for the use of the logo (typically between \$480 to \$2000), with a 20 percent reduction for companies registered under the [EU Eco-Management and Audit Scheme](#) (EMAS) or certified under the international standard [ISO 14001](#). Discounts are available for small and medium sized enterprises (SMEs).

Key Links:

Eco-label Home Page: <http://ec.europa.eu/environment/ecolabel/>

Eco-label product catalogue: <http://ec.europa.eu/ecat/>

Product Categories eligible for the Eco-label: <http://ec.europa.eu/ecat/products/en/list>

In view of the complexity and rapid change in marking, labeling and testing requirements in Spain, U.S. exporters are advised to request pertinent instructions from their importers prior to shipment.

Basic labeling requirements apply in certain product categories:

- *Electrical products* that operate in a range of 50 to 1,000 volts alternating current or 75 to 1,500 volts direct current must comply with the EU low-voltage directive. There are three accepted forms of proof of conformity with this regulation: a mark issued by an authorized EU agency, a certificate issued by an approved EU authority or a declaration issued by the manufacturer, which can self-certify the product.
- *Used equipment*: Spain now allows the entry of used equipment, material and goods subject to the same standards concerning safety as new imports in the same product category.
- *Foodstuffs*: [The Directorate General of Health](#) implements human consumption standards for the preparation, residue content and storage media for virtually all foodstuffs. Labeling must conform to EU requirements and must be in Spanish.
- *Food and Animal Feed*: [Genetically modified organism- \(GMO\) containing products must be labeled "contains GMOs"](#). "Traceability" through the production chain is required by the new legislation. The GMO content of products must be documented along the production chain and kept on file for five years.
- *Agricultural products*: [Labeling requirements are fully harmonized with the EU labeling system and labels must be in Spanish.](#)

The 2002 EU general food law established general principles and introduced mandatory traceability of the feed and food chain as of January 1, 2005. For specific information on agricultural standards, please refer to the [Foreign Agricultural Service's website](#).

- *Textiles*: Customs and point-of-sale regulations require that all textile goods and ready-made clothing have a Spanish label. Standard Spanish textile nomenclature and content requirements must be stated on the label. Requirements relating to textile content, labeling and packaging are specific and extensive.
- *Drugs, Pharmaceuticals and Cosmetics*: These goods are subject to technical inspection and registration by the Directorate General of Health prior to entry. There are also detailed marking and labeling requirements, somewhat similar to those for foodstuffs, which include detailed chemical composition.
- *Fertilizers and Fungicides*: Imported fertilizers must be registered with the local Ministry of Agriculture. Inspection and analysis will be performed prior to customs clearance.

The Ministry of Agriculture must approve all printed advertising and publicity materials, and labels must be in Spanish and include detailed precautions. The Ministry web page includes a link for "phytosanitary products" and the [on-line register](#).

U.S. Export Controls

Includes the U.S. government export controls that companies need to abide by when exporting to this country.

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) is responsible for implementing and enforcing the Export Administration Regulations (EAR), which regulate the export and re-export of some commercial items, including "production" and "development" technology.

The items that BIS regulates are often referred to as "dual use" since they have both commercial and military applications. Further information on export controls is available on the BIS website on [Exporting Basics](#). BIS has developed a list of "red flags," or warning signs, intended to discover possible violations of the EAR. These are posted at [Enforcement – Red Flags](#). For more information, please visit BIS at "[Know Your Customer](#)".

If there is reason to believe a violation is taking place or has occurred, report it to the Department of Commerce by calling the 24-hour hotline at 1(800) 424-2980 or via the [confidential lead page](#).

The EAR does not control all goods, services, and technologies. Other U.S. government agencies regulate more specialized exports. For example, the U.S. Department of State has authority over defense articles and services. A list of other agencies involved in export control can be found on the BIS web.

It is important to note that in August 2009, the President directed a broad-based interagency review of the U.S. export control system, with the goal of strengthening national security and the competitiveness of key U.S. manufacturing and technology sectors by focusing on current threats, as well as adapting to the changing economic and technological landscape. As a result, the Administration launched the Export Control Reform Initiative (ECR Initiative) which is designed to enhance U.S. national security and strengthen the United States' ability to counter threats such as the proliferation of weapons of mass destruction.

The Administration is implementing the reform in three phases. Phases I and II reconcile various definitions, regulations, and policies for export controls, all the while building toward Phase III, which will create a single control list, single licensing agency, unified information technology system, and enforcement coordination center. As of August 2015, Phase I is complete, and Phase II is nearing completion.

For additional information visit [ECR](#).

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two day seminars and focus on the basics of exporting as well as more advanced topics. For a list of upcoming seminars visit: [Seminars and Training](#).

For further details about the Bureau of Industry and Security and its programs, please visit the [BIS](#).

A list that consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single search as an aid to industry in conducting electronic screens of potential parties to regulated transactions is available here: [Consolidated Screening List AP](#)

Temporary Entry

The Spanish re-export system is in line with EU regulations. Re-export inquiries must be addressed to the Port's Customs Director. Re-exports of U.S. goods from Spain follow the same procedures as exportation of Spanish products. Goods re-exported to other EU member states are subject to statistical surveillance.

Re-exports to destinations outside the EU and not covered by specific EU regulations are exported with an accompanying Customs Export Declaration at the exit point. A limited number of goods require a Prior Notice of Export.

Exporters of high-technology goods subject to U.S. export control procedures must ensure that Spanish clients and subsidiaries are aware of all relevant U.S. export controls.

There are four types of procedures for handling the re-export of goods:

- *Temporary Imports:* Goods imported for a limited period under an ATA (international customs document for temporary duty-free imports) carnet. A bank guarantee in the form of a bond equivalent to duties owed must be provided to customs, which will be refunded once the goods leave the country.
- *Temporary Admission:* Goods that will be incorporated into a final product for export. The same procedure used for temporary imports applies for re-export.
- *Replacement Goods:* Companies with continuing needs for primary materials, commodities, or intermediates can request prior approval for replacement goods after the second year of operation. They must deposit a bond with customs on the compensatory tax only. Replacements for defective goods destroyed under customs supervision are admitted duty-free, but require extensive supporting documentation.
- *Drawback:* Duties are paid simultaneously with a presentation of a list of products to be re-exported in the future. Later, a rebate is given upon customs clearance out of Spain.

For temporary entry it is usually advisable to purchase an ATA Carnet, which allows for the temporary, duty-free entry of goods into over 50 countries, and is issued by the United States Council for International Business by appointment of the U.S. Customs Service: www.uscib.org.

Companies are advised to use this carnet procedure to temporarily bring goods into Spain for demonstration purposes without paying duties or posting bond. The carnet must be presented to the customs authorities whenever entering or leaving the country. Consumable items and give-away samples are not included under carnet procedures.

Information on carnet applications is available from all U.S. Export Assistance Centers, most U.S. Chambers of Commerce, and authorized export insurance companies. On-line information and instructions are also available at: [ATA Carnet Export Service](#)

Advertising material, catalogues, price lists and similar printed items are admitted duty free. However, to avoid problems, such items should always be labeled, "no value." Otherwise, a customs duty is likely to be levied on the sample.

Spain admits samples of negligible value duty free, as a signatory to the International Convention to Facilitate the Importation of Commercial Samples and Advertising Matter. Items of commercial value not covered under carnet procedures can be imported by companies for up to a year upon payment of a bond. Upon presentation of the customs receipt and at re-export, the deposit is refunded.

Business visitors entering with commercial samples should bring letters from their companies attesting to their status, identifying the samples and certifying that the samples are not for sale.

Prohibited & Restricted Imports

To determine if a product is prohibited or subject to restriction, check the TARIC for that product for the following codes:

CITES	Convention on International Trade of Endangered Species
PROHI	Import Suspension
RSTR	Import Restriction

For information on how to access the TARIC, see the Import Tariffs section above.

Spanish regulations ban the import of illicit narcotics and drugs. There are also very restrictive regulations for imports of explosives, firearms, defense equipment and material, tobacco and gambling material. Furthermore, the government highly restricts the import of many types of pharmaceutical products.

EU regulations on hormones ban most U.S. beef and beef products from entry into the EU, and disable the importation of certain live cattle. The United States successfully challenged the EU hormone ban at the World Trade Organization, but the EU has not yet opened its market to hormone-treated beef. The EC has instead opened a quota for the import of hormone-free beef.

The basis for this HQB quota is a Memorandum of Understanding (MOU) between the United States and the European Union. The details for the administration of this zero duty, 20,000 MT beef quota were published in [Commission Regulation \(EC\) No 620/2009](#). This U.S. - EU compromise deal was formally approved in [Council Regulation \(EC\) No 617/2009](#), published in the Official Journal on July 15, 2009. The quota was put into place on August 1, 2009, for a period of three years. The quota was expanded by mutual agreement on August 1 2012 to 45,000 MT. However, the following countries were authorized to include their beef under the HQB quota: Australia (January 2010), Canada (March 2011), New Zealand (July 2011) and Uruguay (August 2011). The Canada MOU made a further 3,200 MT of HQB at zero duty available as of August 1, 2012, thus bringing the total available amount to 48,200 MT. Brazil is in the process of authorization as well. In August 2014, the EC allowed Argentina to join the group of countries which are eligible to export under the quota.

As described in the [report](#) EU Livestock and Products Semi -Annual 2017, the U.S. beef industry put forward a petition on December 2016 to reinstate trade actions against the EU in connection with the EU's longstanding ban on the import of most beef produced in the United States. On February 15-16, 2017, the Office of the United States Trade Representative (USTR) held a hearing in Washington, DC to gather comments on the petition. The U.S. and the EU are discussing a review of the Memorandum of Understanding (MOU) on hormone beef and an agreement is expected anytime.

The Comprehensive Economic and Trade agreement between Canada and the European Union ([CETA](#)) went into effect on September 21, 2017 and affects the quota. The quota amount of the HBQ quota was reduced from 48,200 MT to 45,000 MT with the entry into force of CETA. The original 48,200 MT included 45,000 MT stemming from the U.S.-EU Memorandum of Understanding (MOU) and 3,200 MT stemming from the Canadian-EU MOU now incorporated in CETA.

On July 1, 2018 the new EU High Quality Beef Quota year will start. This will be a full quota year and will cover 45,000 MT of product divided over four quarters. U.S. exporters can use this quota as well as the Hilton quota for exporting high quality bovine meat to the European Union. This [report](#) details the program and certification requirements for both tariff rate quotas.

The fourth quarter of the High Quality Beef (HQB) quota, which opened on April 1, is filling rapidly, with only a reported 267 MT remaining with two months to go. In the third quarter (January – March), the United States was the leading exporter, with 29.9 percent of the quota, but it is expected that Uruguay may lead when the full quota year closes in June, with a market share around 30 percent. The U.S. market share may drop to below 30 percent from 35.3 percent in 2016/17. Australia is expected to recover slightly from its 25.9 percent last year. Argentina may double its 6.5 percent market share from the previous year ([More Info](#)).

Customs Regulations

Includes customs regulations and contact information for this country's customs office:

EU Level

Major Regulatory Efforts of the EU Customs and Taxation Union Directorate:

Electronic Customs Initiative – Covers major customs modernization developments to improve and facilitate trade in the EU member states. The electronic customs initiative is essentially based on the following three pieces of legislation:

- The [Security and Safety Amendment to the Customs Code](#), which provides for full computerization of all procedures related to security and safety;
- The Decision on the paperless environment for customs and trade ([Electronic Customs Decision](#)) which sets the basic framework and major deadlines for the electronic customs projects;

The European Commission also provides information on customs controls and import regimes:

[External Trade](#)

[Homepage of Customs and Taxation Union Directorate \(TAXUD\) Website](#)

Spanish level:

The customs authority is the Agencia Tributaria (Tax Authority), <http://www.aeat.es>

The [website of the Spanish chambers of commerce](#) includes a useful checklist of import documents, including those requested by the Spanish customs authorities.

Customs Valuation

Most customs duties and value added tax (VAT) are expressed as a percentage of the value of goods being declared for importation. The EU applies an internationally accepted concept of '[customs value](#)'.

The value of imported goods is one of the three 'elements of taxation' that provides the basis for assessment of the customs debt, which is the technical term for the amount of duty that has to be paid, the other ones being the origin of the goods and the [customs tariff](#).

Customs and Security

With the passing of [Regulation \(EC\) n° 648/2005 of 13 April 2005](#) the European Union introduced a number of measures amending the Community Customs Code designed to tighten security around goods crossing international borders..

One of these initiatives is the [Authorized Economic Operator \(AEO\)](#) program (known as the “security amendment”). AEO certification issued by a national customs authority is recognized by all member states’ customs agencies. Economic operators can apply for an AEO status to have easier access to customs simplifications or to be in a more favorable position to comply with the new security requirements. The AEO and C-TPAT programs were implemented in two phases, and as of January 2013, AEO certified members benefit from facilitations with regard to customs controls relating to security and safety, according to [regulation \(EU\) 58/2013](#).

Other major changes to the Customs Code require traders to provide customs authorities with information on goods prior to import to or export from the European Union; see [Pre Arrival / Pre Departure Declarations](#) and introduce a mechanism for setting uniform Community risk-selection criteria for controls, supported by computerized systems. [Further information on EU customs and security](#)

Contact Information at National Customs Authorities:

Agencia Estatal de Administración Tributaria,
Departamento de Aduanas e Impuestos Especiales
Avda. Llano Castellano, 17,
28034 Madrid
A.M. Phone: (34) 91-728-9450
P.M. Phone: (34) 91-728-9502
Fax: (34) 91-729-2065 [EU Contact point information](#)

Standards for Trade

Overview - European Union

Products tested and certified in the United States to American standards are likely to require re-testing and re-certification for EU requirements as a result of the EU’s different approaches to health, safety, and environmental concerns. Where products are not regulated by specific EU technical legislation, they are always subject to the EU’s General Product Safety Directive, as well as to possible additional national requirements.

European Union standards were harmonized across the 28 EU member states and European Economic Area countries to allow for the free flow of goods. Information on the harmonization of the EU legislation including agricultural standards, and standards organizations like CENELEC (European Committee for Electrotechnical Standardization), ETSI (European Telecommunications Standards Institute) and CEN (European Committee for Standardization, handling of all other standards) can be found using the link below.

While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations (mandatory) and technical standard (voluntary) might also function as barriers to trade if U.S. standards are different from those of the European Union.

<https://www.export.gov/article?id=European-Union-Trade-Standards>

Standards - Spain

Spanish requirements for certification and testing standards have gradually adopted EU directives. Most products that meet the standards and certification requirements of any other EU country can be imported and sold in Spain without further testing.

The [Spanish Ministry of Industry](#) processes applications for homologation, and promotes certification and normalization for industrial products and processes and quality control procedures.

Spanish Standards are developed by [UNE](#) (previously known as AENOR), the Spanish Standards Association.

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Testing, inspection and certification

The Spanish Standards Association & Certification Associations was originally known as [AENOR \(Asociación Española de Normalización y Certificación\)](#). In early 2017, the organization was split into separate legal entities, UNE and AENOR, with UNE becoming the parent body. UNE is responsible for developing standards and cooperation projects, while AENOR, the Spanish benchmark certification agency, is responsible for conformity assessment and the promotion of Spanish standards, training, information services, the sale of standards and other commercial activities. UNE participates in international and European standardization bodies.

[ENAC](#), is the National Accreditation Entity and officially recognizes the technical competence of the conformity assessment entities in Spain. A-detailed breakdown of Conformity Assessment (see Conformity Assessment, next section) bodies:

- Laboratories
- Inspection bodies
- Certification bodies
- Environmental verifiers

At the national level, most Spanish Ministries as well as Autonomous Communities and local governments use ENAC accreditations.

ENAC was nominated by the Ministry of Agriculture, Fisheries and Food as the body in charge of checking compliance with the principles of Good Laboratory Practice (GLP) by testing labs engaging in studies of phytosanitary products, such as pesticides, insecticides, and fungicides.

Conformity Assessment

Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages, from design to production, to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessments, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. Conformity assessment bodies in individual member states are listed in [NANDO, the European Commission's website](#).

To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification systems are the Keymark, the CENCER mark, and CEN workshop agreements (CWA) Certification Rules. CENELEC has its own initiative. ETSI does not offer conformity assessment services.

[ENAC \(Entidad Nacional de Acreditación – National Accreditation Entity\)](#) and [AENOR \(Spanish Certification Association\)](#) are the major entities for conformity assessment in Spain. ENAC establishes the criteria and grants permits to the authorized certification labs.

[A full list of authorized certification labs and testing organizations](#)

Product Certification

To sell products on the EU market of 28 member states as well as Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, or when U.S. companies lack the benefit of some sort of European presence to assist in or handle the process. As market surveillance was found lacking, the EU adopted the New Legislative Framework, which went into force in 2010. This framework is similar to a blueprint for all CE marking legislation, harmonizing definitions, responsibilities, European accreditation and market surveillance.

The CE Mark is primarily for the benefit of the national control authorities of the member states, and its use simplifies the task of essential market surveillance of regulated products.

The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized EU representative. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

Publication of technical regulations

In Spain, the Spanish National Gazette is the Boletín Oficial del Estado (BOE). An English version of the [website](#) can be viewed. BOE publishes a monthly list of all new technical regulations approved by the Spanish Ministry of Industry, plus amendments or other changes to technical regulations. However, the full text of the documents with the technical regulations does not appear in the BOE, and can be requested through AENOR.

Both [AENOR](#) and [ENAC](#) have newsletters and publications that provide a broad range of information on developments in these areas.

[The Official Journal is the official gazette of the European Union](#). It is published daily on the internet and consists of two series covering draft and adopted legislation, as well as case law, studies by committees, and more. [It lists the standards reference numbers linked to legislation](#).

National technical regulations are published on the [Commission's website](#) to allow other countries and interested parties to comment.

Firearms: The Spanish government must clear all firearms, which must bear stamps of certifications.

Motor Vehicles: Each vehicle will be inspected for engraved serial numbers on both the engine and chassis. If both of these are not present, Spanish customs levies a special charge for stamping the number.

Tires and Tubes: All tires and inner tubes must be marked with serial numbers.

Contact Information

[ENAC](#)

Serrano 240 - Planta.3,
28016 Madrid
Fax: +34 91 458 6280
E-mail: enac@enac.es

[AENOR](#)

Calle Genova 6
28004 Madrid
Tel: +34 91 432 6000/ +34 902 102 201

Fax: +34 91 310 3172

NIST Notify U.S. Service

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. Notify U.S. (www.nist.gov/notifyus) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country(ies) and industry sector(s) of interest, and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

Trade Agreements

Spain has been a member of the EU since 1986. The EU has free trade agreements with other economic associations (e.g., the European Free Trade Association or EFTA) and countries, providing a higher level of mutual market access.

For a list of trade agreements with the EU and its member states, as well as concise explanations, please see the EU 2018 Country Commercial Guide.

Licensing Requirements for Professional Services

Non-EU/European Economic Area (EEA) nationals need a residence and employment permit to work in Spain. However, there are some exceptions although they may still need to apply for a visa or residence permit to come to Spain. Some of these exceptions include university professors, technicians and scientists, professionals invited to Spain to develop scientific or cultural programs, foreign journalists, artists coming for specific performances, and clergy.

A new program was introduced in 2014 that allows non-EU national investors, entrepreneurs, highly qualified professionals and researchers to apply for fast-track visas and permits as a result of investing in the country. Contact [the Spanish Embassy or Consulate](#) for more information.

Certain professions need specific qualifications to practice in Spain. Please check out the following links for more details:

Regulated professions; [Key Link](#)

Free movement of professionals: [Key Link](#)

The office that provides assistance with the recognition of professional qualifications and advice on how to navigate through the administrative formalities is:

Subdirección General de Títulos y Reconocimiento de Cualificaciones
Secretaría General de Universidades
[Ministerio de Educación, Cultura y Deporte](#)
Torrelaguna, 58
28027 Madrid
Tel: +34 91 506 5636
Email: gloria.nistal@mecc.es

Web Resources

United States:

[2018 National Trade Estimate Report on Foreign Trade Barriers](#)
[Agricultural Exports to the European Union: Opportunities and Challenges](#)
[Trade Compliance Center](#)
[U.S. Mission to the European Union](#)
[The New EU Battery Directive](#)
[The Latest on REACH](#)
[WEEE and RoHS in the EU](#)
[Overview of EU Certificates](#)
[Food and Drug Administration \(FDA\)](#)
[Trade Agreements](#)

Spain:

[Ministry of Energy, Tourism and Digital agenda](#)
[Ministry of Agriculture, Food and the Environment](#)
[Ministry of Economy, Industry and Competitiveness](#)
[Ministry of Health, Social Services and Equality](#)
[AENOR](#)
[ENAC](#)
[ICEX - Invest in Spain](#)

European Union:

[CEN – Sector](#)
[CEN - Standard Search](#)
[ECHA](#)
[NIST - Notify U.S.](#)
[Online customs tariff database \(TARIC\)](#)
[Taxation and Customs Union](#)

Commented [SB1]: Would you like me to change this to the 2018 report that came out in May?

[Security and Safety Amendment to the Customs Code - Regulation \(EC\) 648/2005](#)
[Electronic Customs Initiative: Decision N° 70/2008/EC](#)
[Legislation related to the Electronic Customs Initiative](#)
[Export Help Desk](#)
[What is Customs Valuation?](#)
[Customs and Security: Two communications and a proposal for amending the Community Customs Code](#)
[Establishing the Community Customs Code: Regulation \(EC\) n° 648/2005 of 13 April 2005](#)
[Pre Arrival/Pre Departure Declarations](#)
[AEO: Authorized Economic Operator](#)
[Contact Information at National Customs Authorities](#)
[New Approach Legislation](#)
[Genelec, European Committee for Electrotechnical Standardization](#)
[ETSI, European Telecommunications Standards Institute](#)
[CEN, European Committee for Standardization, handling all other standards](#)
[Standardization – Mandates](#)
[ETSI – Portal – E-Standardisation](#)
[Nando \(New Approach Notified and Designated Organizations\) Information System](#)
[Mutual Recognition Agreements \(MRAs\)](#)
[European Co-operation for Accreditation](#)
[Eur-Lex – Access to European Union Law](#)
[Standards Reference Numbers linked to Legislation](#)
[What's New](#)
[National Technical Regulations](#)
[Metrology, Pre-Packaging – Pack Size](#)
[European Union Eco-label Homepage](#)

Investment Climate Statement

Executive Summary

Spain is open to foreign investment and is actively seeking to attract additional investment to sustain its strong economic growth. Having emerged from a double dip recession and corresponding economic crises, Spain turned in one of the highest growth rates in the EU in 2017 at 3.1 percent—its fifth straight year of at least 3 percent growth. Spain's excellent infrastructure, large domestic market, well-educated workforce, and robust export possibilities are key selling points for foreign investors. Spanish law permits foreign ownership in investments up to 100 percent, and capital movements are completely liberalized. In 2017, gross new foreign direct investment reached EUR 36.1 billion. According to Spanish data, the United States is the fourth-

largest investor in Spain. Foreign investment is concentrated in the energy, real estate, finance and insurance, engineering, and construction sectors.

Spain emerged from its recession in the third quarter of 2013. Even with a still relatively high unemployment rate—16.6 percent at the close of 2017—and high levels of household and public indebtedness, the Spanish economy sustained its strong and balanced growth in 2017, benefitting from a resurgence in domestic consumption. This turn-around is due, in part, to the economic reforms the government began implementing in 2012, which streamlined budgets and loosened labor laws to make hiring and firing easier. As part of these efforts, the government sharply curbed public spending, which helped to stabilize the fiscal situation. Spain's economy has also benefitted from favorable external factors, namely low global energy prices and the European Central Bank's expansionary monetary policy. Spain's economy has diversified and become more competitive, resulting in export-led growth and a current account surplus.

Following the global financial and euro crises, the Spanish government implemented a series of labor market reforms and restructured the banking system. In 2013, the Spanish government adopted the Market Unity Guarantee Act, which eliminated duplicative administrative controls by implementing a single license system to facilitate the free flow of all goods and services throughout Spain. The Spanish Treasury has forecasted a 1.52 percent boost to GDP over the ten-year period as a result of the law. However, the law's implementation has been uneven and certain provisions were declared unconstitutional by Spanish courts in 2017. Moreover, some U.S. companies continue to complain about the difficulties in dealing with variances in regional regulations within Spain.

Since the financial crises, Spain has regained access to affordable financing from international financial markets, which has improved Spain's credibility and solvency, in turn generating more investor confidence. However, small and medium-sized enterprises (SMEs) still have some difficulty accessing credit.

In implementing its fiscal consolidation program, the government has taken actions which negatively affect U.S. and other investors in the renewable energy sector on a retroactive basis. As a result, Spain is facing several international arbitration claims.

Spain is a member of both the International Centre for Settlement of Investment Disputes (ICSID Convention) and the 1958 Recognition and Enforcement of Foreign Arbitral Awards (New York Convention). Spanish law protects property rights and those of intellectual property. The government has amended the Intellectual Property Act, the Civil Procedure Law, and the Penal Code to strengthen online protection. In 2017, internet piracy decreased for the first time in years.

Spain and the United States have a Friendship, Navigation and Commerce (FCN) Treaty, and a Bilateral Taxation Treaty (1990), which was subsequently amended in 2013 and signed by Spain's finance minister and the U.S. Ambassador to Spain. However, the new Protocol is not yet in force, as it is pending confirmation with the U.S. Senate.

Table 1

Measure	Year	Index/Rank	Website Address
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TI Corruption Perceptions Index	2017	42 of 175	http://www.transparency.org/research/cpi/overview
World Bank's Doing Business Report "Ease of Doing Business"	2017	28 of 190	doingbusiness.org/rankings
Global Innovation Index	2017	28 of 127	https://www.globalinnovationindex.org/analysis-indicator
U.S. FDI in Partner Country (\$M USD, stock positions)	2016	USD 37,388	http://www.bea.gov/international/factsheet/
World Bank GNI per capita	2016	USD 27,580	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

Openness To, and Restrictions Upon, Foreign Investment

Policies Towards Foreign Direct Investment

Foreign direct investment (FDI) has played a significant role in modernizing the Spanish economy during the past 40 years. Attracted by Spain's large domestic market, export possibilities, and growth potential, foreign companies set up operations in large numbers. Spain's automotive industry is almost entirely foreign-owned. Multinationals control half of the food production companies, one-third of chemical firms, and two-thirds of the cement sector. Several foreign investment funds acquired networks from Spanish banks, and foreign firms control about one-third of the insurance market.

The Government of Spain recognizes the value of foreign investment. Prime Minister Mariano Rajoy has repeatedly indicated that the government seeks to attract additional foreign investors. Spain offers investment opportunities in sectors and activities with significant added value. There have not been any major changes in Spain's regulations for investment and foreign exchange under the current Popular Party (PP) administration, which took office in December 2016. Spanish law permits 100 percent foreign ownership in investments (limits apply regarding audio-visual broadcast licenses; see next section), and capital movements are completely liberalized. Due to its degree of openness and the favorable legal framework for foreign investment, Spain has received significant foreign investments in knowledge-intensive activities in the past few years. Total gross new FDI flow into Spain slightly increased by 0.74 percent in 2017 according to Spain's Finance Ministry data, continuing the significant growth path of gross FDI flow into Spain that began in 2014. In 2017, 78.7 percent of total gross investments were investments in new facilities or the expansion of productive capacity, while 21.3 percent of gross investments were in acquisitions of existing companies. The United States had a gross direct investment in Spain of EUR 2.6 billion, accounting for 10.7

percent of total investment and representing a decrease of 50.1 percent compared to 2016. Over the five years spanning 2011 to 2015, U.S. FDI stock in Spain fell from 45 billion (2011) to 36 billion (2015.)

The United States continues to be a primary destination for Spanish outbound investment, largely in strategic sectors such as transportation and energy. Spanish investment increased from USD 46.7 billion in 2010 to more than USD 68.17 billion in 2016, an increase of 1.8 percent from 2015, making Spain the 10th overall source of Foreign Direct Investment (FDI) into the United States. For more information on inbound and outbound U.S. FDI flows and positions, both by country and by general industry sector, please visit <https://www.selectusa.gov/data>.

Limits on Foreign Control and Right to Private Ownership and Establishment

Spain has a favorable legal framework for foreign investors. Spain has adapted its foreign investment rules to a system of general liberalization, without distinguishing between EU residents and non-EU residents. Law 18/1992 of July 1, which established rules on foreign investments in Spain, provides a specific regime for non-EU persons investing in certain sectors: national defense-related activities, gambling, television, radio, and air transportation. For EU residents, the only sectors with a specific regime are the manufacture and trade of weapons or national defense-related activities. For non-EU companies, the Spanish government restricts individual ownership of audio-visual broadcasting licenses to 25 percent. Specifically, Spanish law permits non-EU companies to own a maximum of 25 percent of a company holding a digital terrestrial television broadcasting license; and for two or more non-EU companies to own a maximum of 50 percent in aggregate. In addition, under Spanish law a reciprocity principle applies (art. 25.4 General Audiovisual Law). The home country of the (non-EU) foreign company must have foreign ownership laws that permit a Spanish company to make the same transaction.

The Spanish Constitution and Spanish law establishes clear rights to private ownership, and foreign firms receive the same legal treatment as Spanish companies. There is no discrimination against public or private firms with respect to local access to markets, credit, licenses and supplies.

Other Investment Policy Reviews

Spain is a signatory to the convention on the Organization for Economic Co-operation and Development (OECD). Spain is also a member of the World Trade Organization (WTO) and the United Nations Conference on Trade and Development (UNCTAD). Spain has not conducted Investment Policy Reviews with these three organizations within the past three years.

Business Facilitation

For setting up a company in Spain, the two basic requirements include incorporation before a Public Notary and filing with the Mercantile Register (*Registro Mercantil*). The public deed of incorporation of the company must be submitted. It can be submitted electronically by the Public Notary. The Central Mercantile Register is an official institution that provides access to companies' information supplied by the Regional Mercantile Registers after January 1, 1990. Any national or foreign company can use it but must also be registered and pay taxes and fees. According to the World Bank's Doing Business report, the process to start a business in Spain should take about two weeks.

"Invest in Spain" is the Spanish investment promotion agency to facilitate foreign investment. Services are available to all investors.

Useful web sites:

Companies register: [www. http://www.rmc.es/Home.aspx](http://www.rmc.es/Home.aspx)

Companies register for the Madrid region: <https://www.rmercantilmadrid.com/RMM/Home/Index.aspx>

More information on the Mercantile Registry: <http://www.mjusticia.gob.es/cs/Satellite/Portal/es/areas-tematicas/registros/registro-mercantil>

Investment promotion agency: <http://www.investinspain.org/invest/es/cabecera/faq-s/establecimiento-de-una-empresa/index.html>

Outward Investment

Among the financial instruments approved by the Spanish Government to provide official support for the internationalization of Spanish enterprise are the Foreign Investment Fund (FLEX), the Fund for Foreign Investment by Small and Medium-sized Enterprises (FONPYME), and the Enterprise Internationalization Fund (FIEM). The Spanish Government also offers financing lines for investment in the electronics, information technology and communications, energy (renewables), and infrastructure concessions sectors.

Bilateral Investment Agreements and Taxation Treaties

Bilateral Taxation Treaties

Spain has concluded bilateral investment agreements with: Hungary (1989), the Czech Republic (1990), Russia (1990), Azerbaijan (1990), Belarus (1990), Georgia (1990), Tajikistan (1990), Turkmenistan (1990), Kirgizstan (1990), Armenia (1990), Slovakia (1990), Argentina (1991), Chile (1991), Tunisia (1991), Egypt (1992), Poland (1992), Uruguay (1992), Paraguay (1993), Philippines (1993), Algeria (1994), Honduras (1994), Pakistan (1994), Kazakhstan (1994), Peru (1994), Cuba (1994), Nicaragua (1994), Lithuania (1994), South Korea (1994), Bulgaria (1995), Dominican Republic (1995), El Salvador (1995), Gabon (1995), Latvia (1995), Malaysia (1995), Romania (1995), Venezuela (1995), Turkey (1995), Lebanon (1996), Ecuador (1996), Costa Rica (1997), Croatia (1997), Estonia (1997), Panama (1997), Slovenia (1998), Ukraine (1998), the Kingdom of Jordan (1999), Trinidad and Tobago (1999), Jamaica (2002), Iran (2002), Montenegro (2002), Bosnia and Herzegovina (2002), Serbia (2002), Nigeria (2002), Guatemala (2002), Namibia (2003), Albania (2003), Uzbekistan (2003), Syria (2003), Equatorial Guinea (2003), Colombia (2005), Macedonia (2005), Morocco (2005), Kuwait (2005), China (2005), the Republic of Moldova (2006), Mexico (2006), Vietnam (2006), Saudi Arabia (2006), Libya (2007), Bahrain (2008), Senegal (2008), the Islamic Republic of Mauritania (2008), Bolivia (2012), South Africa (2013), India (2016), and Indonesia (2016).

Spain and the United States have a Friendship, Navigation and Commerce (FCN) Treaty, and a Bilateral Taxation Treaty (1990), which was amended on January 14, 2013, approved by the United States Senate Foreign Relations Committee on July 16, 2014, and authorized by the Spanish Parliament on December 10, 2014. However, the amended bilateral taxation protocol is pending ratification by the United States Senate before it enters into force.

Legal Regime

Transparency of the Regulatory System

On December 2014, the Spanish government launched a transparency website that makes over 500,000 details of public interest freely accessible to all citizens. The website only offers details about the central government. Regional and local authorities must develop their own transparency portals.

http://transparencia.gob.es/transparencia/en/transparencia_Home/index.html

International Regulatory Considerations

Spain modernized its commercial laws and regulations following its 1986 entry into the EU. Its local regulatory framework compares favorably with other major European countries. Bureaucratic procedures have been streamlined and much red tape has been eliminated, although permitting and licensing processes still result in significant delays. The efficacy of regulation at the regional level is uneven. The Market Unity Guarantee Act 20/2013 was adopted in December 2013 with the goal of rationalizing the regulatory framework for economic activities in order to facilitate the free flow of goods and services throughout Spain. It also reinforced coordination among competent authorities and introduced a mechanism to rapidly resolve operators' problems. With a license from only one of Spain's 17 regional governments, companies are able to operate throughout the Spanish territory, rather than needing to request licenses from each region. The measures are designed to reduce business operating costs, improve competitiveness, and attract foreign investment.

Legal System and Judicial Independence

The Spanish judiciary has a well-established tradition of supporting and facilitating the enforcement of both foreign judgments and awards. In fact, the recognition and enforcement of foreign judgments is so well entrenched in the judicial system, that it has not been subject to any relevant modifications (save those imposed by international conventions) since the late nineteenth century, underscoring the strength of the system. For a foreign judgment to be enforced in Spain, an order declaring it is enforceable or exequatur is necessary. Once the exequatur is granted, enforcement itself is quite fast, provided that the assets are identified. Attachment of the assets will be immediate and time for realization will depend on the type of assets. First instance courts are competent for the enforcement of foreign rulings.

Local legislation establishes mechanisms to resolve disputes if they arise. The judicial system is open and transparent, although sometimes slow-moving. Judges are in charge of prosecution and criminal investigation, which permits greater independence. The Spanish prosecution system allows for successive appeals to a higher Court of Justice. The European Court of Justice can hear the final appeal. In addition, the Government of Spain abides by rulings of the International Court of Justice at The Hague.

Economic difficulties resulting from Spain's financial crisis led to an increase in litigation, putting the judiciary system under severe pressure. The number of civil claims has grown significantly over the past decade, resulting in an increased openness to alternative dispute resolution mechanisms. Although ordinary proceedings are relatively straightforward, due to the significant number of cases within each court, getting to trial can take years. Domestic court decisions are subject to appeal, and the average time taken for a final judgment to be issued by the Court of Appeal can be anywhere from months to years. After this, the decision may still be subject to appeal to the Supreme Court (although the grounds for this appeal are very limited) and this court generally takes between two to three years to issue a decision. Due to the uncertainty surrounding the duration of appeals, disputes involving large companies or significant amounts of money tend to be resolved through arbitration.

Laws and Regulations on Foreign Direct Investment

On August 1, 2014, the Spanish Council of Ministers approved three tax reform bills relating to Personal Income Tax, Corporate Income Tax, and Value Added Tax (VAT) that went into effect on January 1, 2015. Although the reforms generally reduced personal and corporate taxes in most categories, one of the new measures was an exit tax that applies to taxpayers who have had tax residency in Spain for at least ten of the past fifteen years and who own more than EUR 4 million in relevant assets or more than 25 percent of a company worth over EUR 1 million. Although the measure seeks to combat offshore tax evasion, the provision has caused concern among Spanish entrepreneurs and foreign investors who say that the reform will make it difficult for Spanish start-ups to relocate outside the EU, which can be essential for the growth of a new business.

Some U.S. and other foreign companies operating in Spain say they are disadvantaged by the Tax Administration's (AEAT) interpretation of Spanish legislation designed to attract foreign investment. In the past several years, AEAT has investigated and disallowed deductions based on operational restructuring at the European level involving a number of U.S.-owned Spanish holding companies for foreign assets (*Empresas de Tenencia de Valores Extranjeros* or ETVEs), claiming the companies are committing "an abuse of law." This situation disadvantages FDI in Spain; as a result, many U.S. companies channel their Spanish investments and operations through third countries.

In April 1999, the adoption of royal decree 664/1999 eliminated requirements for government authorization in investments except for those activities directly related to national defense, such as arms production. The decree abolished previous authorization requirements on investments in other sectors deemed to be of strategic interest, such as telecommunications and transportation. It also removed all forms of portfolio investment authorization and established free movement of capital into Spain as well as out of the country. As a result, Spanish law conforms to multi-disciplinary EU Directive 88/361, which prohibits all restrictions of capital movements between Member States as well as between Member States and other countries. The Directive also classifies investors according to residence rather than nationality.

Registration requirements are straightforward and apply equally to foreign and domestic investments. They aim to verify the purpose of the investment and do not block any investment. On September 1, 2016, a new Resolution of the Directorate General for International Trade and Investments at the Ministry of Economy, Industry and Competitiveness came into force. This established new forms for declaration of foreign investments before the Investment Registry, which oblige the investor(s) to declare foreign participation in the company.

Useful websites:

Legislation: <http://www.comercio.gob.es/es-ES/inversiones-exteriores/normativa/Paginas/normativa-textos-legales.aspx>

Statement of Foreign Investments (Instructions for filing the forms):
<http://www.comercio.gob.es/en/inversiones-exteriores/declaracion-inversiones-exteriores/Pages/declaracion-inversiones-exteriores.aspx>

Residency program for investors and entrepreneurs: <http://www.comercio.gob.es/en/inversiones-exteriores/programa-residencia-inversores-emprendedores/Pages/default.aspx>

International Sanctions: <http://www.comercio.gob.es/en/inversiones-exteriores/sanciones-internacionales/Pages/sanciones-internacionales.aspx>

International Agreements: <http://www.comercio.gob.es/es-ES/inversiones-exteriores/acuerdos-internacionales/Paginas/acuerdos-internacionales.aspx>

Statistics: <http://www.comercio.gob.es/es-ES/inversiones-exteriores/estadisticas/Paginas/Estad%C3%ADsticas-de-Inversiones-Exteriores->

Investor Support Center: <http://www.comercio.mineco.es/es-ES/inversiones-exteriores/centro-asistencia-inversor-exportador/Paginas/solicitar-apoyo-a-traves-del-cai.aspx>

National Contact Point for Guidelines: http://www.comercio.mineco.es/es-ES/inversiones-exteriores/punto-nacional-contacto-lineas-directrices/Paginas/El_PNC.aspx

Attracting Foreign Investment: <http://www.comercio.mineco.es/es-ES/inversiones-exteriores/atraccion-inversiones-extranjeras/Paginas/detalle-atraccion-inversiones-extranjeras.aspx>

Invest in Spain (investment promotion agency):

<http://www.investinspain.org/invest/en/index.html>

Investment aid and incentives in Spain

http://www.investinspain.org/guidetobusiness/en/4/art_4_0.html

Competition and Anti-Trust Laws

The parliament passed Act 3/2013 on June 4, 2013, by which the entities that regulated energy (CNE), telecoms (CMT), and competition (CNC) merged into a new entity—the National Securities Market and Competition Commission (CNMC). The law attributes practically all of the functions entrusted to the National Competition Commission under the Competition Act 15/2007, of July 3, 2007 (LDC), to the new CNMC.

Expropriation and Compensation

Spanish legislation has set up a series of safeguards to prevent the nationalization or expropriation of foreign investments. Since its economic crisis, Spain has altered its renewable energy policy several times, creating a high degree of regulatory uncertainty and resulting in losses to U.S. companies' earnings and investments. In December 2012, the government enacted a comprehensive energy sector reform plan in an effort to address a EUR 30 billion energy tariff deficit caused by user rates that were insufficient to cover system costs. In February 2014, Spain's government announced its plan to cut subsidies for renewable energy producers, a move that producers decried as a dramatic change to the business environment in which they made their initial investment decisions. Additional reforms in 2014 negatively affected U.S. investors in the solar power sector, with some companies arguing that the legal changes were tantamount to indirect expropriation. As a result of these energy reforms, Spain accumulated more than 30 lawsuits, totaling about EUR 7.6 billion in claims. Spain now faces an array of related international claims for solar photovoltaic and other renewable

energy projects. Two international panels have ordered the Government of Spain to compensate companies for losses due to cuts in renewable energy support. In May 2017, the World Bank's International Center for the Settlement of Investment Disputes (ICSID) arbitration panel ordered the Spanish government to pay 128 million euros to solar thermal investors, and in February 2018, a Swedish arbitration panel awarded a Luxembourg-based investment firm 53 million euros on a similar energy investment case.

Spain registered two new cases with ICSID in 2017, bringing its total of pending cases to 29 (as of April 2018). By way of comparison, Venezuela has 21 pending cases in ICSID.

Dispute Settlement

ICSID Convention and New York Convention

Spain is a member state to the International Centre for the Settlement of Investment Disputes (ICSID) and a signatory to the 1958 Recognition and Enforcement of Foreign Arbitral Awards (New York Convention). Therefore, the recognition and enforcement of awards is straightforward and implies the same guarantees and practicalities sought by the New York Convention and arbitration practitioners worldwide, with the additional advantage of the existence of a court specialized only in arbitration issues.

Investor-State Dispute Settlement

Contractual disputes between U.S. persons and Spanish entities are handled accordingly. U.S. citizens seeking to execute American court judgments within Spain must follow the Exequatur procedure established by Spanish law.

International Commercial Arbitration and Foreign Courts

Law 11/2011 of May 2011 (amending Law 60/2003 of December 2003) on Arbitration applies to national and international arbitration conducted in Spanish territory and aims to promote alternative dispute resolution (ADR) methods, particularly arbitration. The Arbitration Act says that the Civil Court and Criminal Court of Justice are competent to recognize foreign arbitral awards. The Spanish Arbitration Act is based on the UNCITRAL Model law.

There are two main arbitration institutions in Spain, the Court of Arbitration of the Official Chamber of Commerce and Industry of Madrid (CAM), and the Civil and Commercial Arbitration Court of Madrid (CIMA). Both institutions have modern and flexible rules that facilitate successful arbitration outcomes. The number of cases—both domestic and international—handled by both institutions, has been rapidly increasing over the past years. In particular, proceedings in the CAM are resolved swiftly, allowing the parties to obtain an award in as few as six months. In December 2017, the Chamber of Commerce of Spain, the Chamber of Commerce of Madrid, and the Civil and Commercial Court of Arbitration Court of Madrid signed a memorandum of understanding (MOU) to unify their arbitration activities and to create a unified Arbitration Court to administer international arbitrations. The MOU will create a commission that will settle the bases of this unified international court. In addition, the new institution's primary objectives will be the resolution of conflicts related to Latin America, under the principles of autonomy, independence, and transparency.

Bankruptcy Regulations

Spain has a fair and transparent bankruptcy regime. Bankruptcy proceedings are governed by the Bankruptcy Law of 2003, which entered into force on September 1, 2004, and applies to both individuals and companies.

The main objective of the law was to ensure the collection of debts by creditors, to promote consensus between the parties by requiring an agreement between debtor and creditor, and for companies to enable their survival and continuity, if possible. However, given the law's requirement for agreement between debtor and creditor—primarily banks, many of which refused to negotiate debt reductions—relatively few companies and individuals were able to declare bankruptcy, even at the height of Spain's economic crisis. To address the issue, in 2014, the government approved a reform of the bankruptcy law to promote Spain's economic recovery by establishing mediation mechanisms. These reforms—nicknamed the Second Chance Law—aimed to avoid the bankruptcy of viable companies and to preserve jobs by facilitating refinancing agreements through debt write-off, capitalization, and rescheduling. However, even with the new legislation, declaring bankruptcy remains much less prevalent in Spain than in other parts of the world.

Industrial Policies

Investment Incentives

A range of investment incentives exist in Spain, and they vary according to the authorities granting incentives and the type and purpose of the incentives. The national government provides financial aid and tax benefits for activities pursued in certain industries that are considered priority industries (e.g., mining, technological development, research and development, etc.), given these industries' potential effect on the nation's overall economy. Regional governments also provide similar incentives for most of these industries. Financial aid includes both nonrefundable subsidies and interest relief on loans obtained by beneficiaries—or combinations of the two.

Incentives from national, regional, or municipal governments and the European Union are granted to Spanish and Foreign companies alike without discrimination.

The European Union

Since Spain is a European Union (EU) Member State, potential investors are able to access European aid programs, which provide further incentives for investing in Spain.

The EU provides incentives primarily to projects that focus on economically depressed regions or that benefit the EU as a whole.

The European Investment Bank (EIB) provides guarantees, microfinance, equity investment, and global loans for small and medium enterprises (SMEs) as well as individual loans focused on innovation and skills, energy, and strategic infrastructure. Projects aiming to extend and modernize infrastructure in the health and education sectors may also qualify for EIB support.

The European Investment Fund (EIF) provides venture capital to small and medium-sized enterprises, particularly new firms and technology-oriented businesses, via financial intermediaries. It also provides guarantees to financial institutions (such as banks) to cover their loans to SMEs. The EIF does not grant loans or subsidies to businesses, nor does it invest directly in any firms. Instead, it works through banks and other financial intermediaries. It uses either its own funds or those entrusted to it by the EIB or the EU.

There are various structural and investment funds designed to fund initiatives that reduce the wealth disparity between Member States. Most autonomous regions of Spain qualify for structural funds under the

EU's 2014-2020 budget (EUR 454 billion). Investments under the European Regional Development Fund (ERDF) are concentrated in four key priority areas:

innovation and research, the digital agenda, support for small and medium-sized enterprises (SMEs) and the low-carbon economy, depending on the category of region. The European Social Fund (ESF)'s Cohesion Fund provides funding for programs aiming to reduce economic and social disparities and to promote sustainable development.

EU financial incentives are routed through major Spanish financial institutions, such as the Instituto de Credito Oficial (ICO) and Banco Bilbao-Vizcaya Argentaria (BBVA); EU financial incentives must also be applied for through the financial intermediary.

The Central Government

Spain's central government provides numerous financial incentives for foreign investment, which are designed to complement European Union financing. The Ministry of Economy and Competitiveness (MINECO) assists businesses seeking investment opportunities through the Directorate General for International Trade and Investments and the Directorate General for Innovation and Competitiveness. These Directorates provide support to foreign investors in both the pre- and post-investment phases. Most grants seek to promote the development of select economic sectors; however, while these sectoral subsidies are often preferential, they are not exclusive.

A comprehensive list of incentive programs is available at the website: www.investinspain.org

Using this tool, companies can access up-to-date information regarding grants available for investment projects. Users can also sign up for the automatic alert system, which provides customized updates as suitable grants or subsidies are published. Applications for these incentives should be made directly with the relevant government agency.

Spain provides certain subsidies for job training and job creation, although funding is constrained by Spain's fiscal obligation to the EU to continue reducing its budget deficit. Projects designated as Investment and Employment may be eligible for further subsidies from the Government Public Employment Service (formerly the National Employment Institute). Labor law reforms adopted in June 2012 increased hiring bonuses for youth and long-term unemployed. In February 2014, the Council of Ministers approved a royal decree-law to promote employment and permanent contracts with a new "flat rate" for Social Security contributions. The measure applies to contracts signed after February 25, 2014. For the benefit to apply, the hiring must create net employment, although the benefit also can also be applied for temporary contracts that are converted into permanent ones. In March 2015, the government approved an extraordinary credit of €850 million to fund the Activation Program for Employment, which is geared toward long-term unemployed with family responsibilities. In December 2017, Spain adopted a new Activation Strategy for Employment for 2017-2020 with the goal of promoting the creation of more and better quality jobs—particularly for youth—and addressing technological and demographic changes. The Strategy will be implemented through Annual Employment Policy Plans, which are drafted jointly each year by national and regional employment services.

Despite these measures, many SME owners report that hiring/firing laws and social security costs still pose a challenge to hiring more full-time employees. While Spain's unemployment rate has dropped by nearly ten percentage points since its peak of 26.9 percent in 2013, much of the job creation has been in temporary contracts rather than permanent positions and also in labor-intensive but low value-added sectors such as tourism.

Spain provides some support to SMEs through a national program designed to strengthen innovative business groups and networks and boost their competitiveness. In 2013, Spain passed the "[Law of Entrepreneurs](#)," which established an entrepreneur visa for investors and entrepreneurs. Entrepreneurs may apply for the visa with a business plan that has been approved by the Spanish Commercial Office. Entrepreneurs must also demonstrate the intent to develop the project in Spain for at least one year. Investors who purchase at least EUR 2 million in Spanish bonds or acquire at least EUR 1 million in shares of Spanish companies or Spanish banks deposits may also apply. Foreigners who acquire real estate with an investment value of at least EUR 500,000 are also eligible.

In 2015, changes to the Personal Income Tax Law, Article 95 bis, affected the transfer of investments of SMEs outside of Spain by creating a tax on unrealized gains from investment. Spanish tax residents who have resided in Spain for at least 10 out of the previous 15 years are subject to a tax of 19-23 percent if they relocate their holdings or investments outside of Spain—if the market value of the shares held exceeds EUR 4 million or if the individual holds shares of 25 percent or more in a venture whose market value exceeds EUR 1 million.

The central government provides financial aid and tax benefits for certain industries that it considers priority sectors given their potential growth resultant effect on the nation's overall economy. Such activities include, for example: new industrial plants, increases in production capacity, relocations that industries undertake to boost competitiveness, new infrastructure projects, and the extension of projects which are already mature. Preferred sectors are transportation, energy and environment, and social infrastructure and services. Furthermore, priority activities also include those involving Research & Development (R&D) and innovation—including the acquisition, upgrade and maintenance of scientific-technological equipment for R&D activities, private technology centers, and private centers of innovation support. Regional governments also offer similar incentives for most of these industries. Financial aid includes both nonrefundable subsidies and interest relief on loans obtained by the beneficiaries—or combinations of the two. Companies are classified according to size, which can be a limiting factor in accessing certain types of public aid. According to the current usage, the term "micro" company refers to those employing fewer than 10 employees, with a turnover of less than EUR 2 million, and with a EUR 2 million limit for total assets. A "small" company has fewer than 50 employees, a turnover below EUR 10 million, and total assets also below EUR 10 million. "Medium" enterprises have less than 250 employees, annual turnover not exceeding EUR 50 million, and total assets less than EUR 43 million.

The state-owned financial institution (*Instituto de Crédito Oficial*, ICO), which is attached to the Ministry of Economy and Competitiveness, has the status of State Financial Agency. Its mission is to promote economic activities that contribute to economic growth and development as well as the improved distribution of wealth within Spain. As part of this mission, the ICO seeks to foster the growth of small- and medium-sized companies, to encourage technological innovation and renewable energy projects, and to provide financial relief to those affected by natural disasters. The ICO's direct financing programs are aimed at financing large-scale investment projects in strategic sectors in Spain, backing large-scale investments by Spanish companies abroad, and supporting projects which are economically, financially, technologically and commercially sound and involve a Spanish interest.

Other official bodies that grant aid and incentives:

- MINHAP - Ministry of Finance and Public Administration
- MINETAD- Ministry of Energy, Tourism, and Digital Agenda
- ENISA - National Innovation Company S.A. (under MINECO)
- AXIS ICO Group (under MINECO)

- INVEST IN SPAIN (under MINECO)
- RED.ES (under MINETDA)
- IDAE - Institute for Energy Diversification and Saving (under MINETDA)
- CERSA - Spanish Guarantee Company S.A. (under MINETDA)
- CDTI - Center for Industrial Technological Development (under MINECO)
- Tripartite Foundation for training in employment (under Ministry of Employment and Social Security)
- CESGAR - Spanish Confederation of Mutual Guarantee Companies

The Regional Governments

Spain's 17 regional governments, known as autonomous communities, provide additional incentives for investments in their region. Many are similar to the incentives offered by the central government and the EU, but they are not all compatible. Additionally, some autonomous community governments grant investment incentives in areas not covered by state legislation but which are included in EU regional financial aid maps. Royal Decree 899/2007, of July 6 2007, sets out the different types of areas that are entitled to receive aid, along with their ceilings. Each area's specific aspects and requirements (economic sectors, investments which can be subsidized, and conditions) are set out in the Royal Decrees determining the different areas. Most are granted on an annual basis.

Generally, the regional governments are responsible for the management of each type of investment. This provides a benefit to investors as each autonomous community has a specific interest in attracting investment that enhances its economy. No investment project can receive other financial aid if the amount of the aid granted exceeds the maximum limits on aid stipulated for each approved investment in the legislation defining the eligible areas. Therefore, the subsidy received is compatible with other aid, provided that the sum of all the aid obtained does not exceed the limit established by the legislation of demarcation and EU rules do not preclude the provision of funding (i.e., due to incompatibilities between Structural Funds).

Types of incentives available:

- Financial loans and subsidies
- Exemption from certain taxes
- Preferential access to official credit
- Reduction of burdens, with social security discounts to companies
- Bonuses for acquisition of certain material
- Customs exemption for certain imported goods
- Real estate grants, and gratuitous or favorable land grants
- Guarantees granted in credit operations
- Loans with low interest, long maturities, and grace periods
- Guarantee of dividends
- Professional training and qualification

- Indirect aid by means of supplying infrastructure facilities (access, services, communications, etc.)

Incentives from national, regional, or municipal governments and the European Union are granted to Spanish and foreign companies alike without discrimination.

Municipalities

Municipal corporations offer incentives for direct investment by facilitating infrastructure needs, granting licenses, and allowing for the operation and transaction of permits, although these have been reduced significantly due to budget constraints. Municipalities such as Madrid also offer varied support services for potential foreign investors. Local economic development agencies often provide free advice on the local business environment and relevant laws, administrative support, and connections to human capital in order to facilitate the establishment of new businesses. Spain recently made starting a business easier by eliminating the requirement to obtain a municipal license before starting operations and by improving the efficiency of the commercial registry.

Research and Development

The most notable incentives include those aimed at fostering innovation, technological improvement (TI), and research and development (R&D) projects, which have been priorities of the Spanish government in recent years. The Science, Technology and Innovation Law 14/2011, of June 1, 2011, establishes the legal framework for promoting scientific and technical research, experimental development, and innovation in Spain. On February 2013 the Council of Ministers approved, in a combined document, "the Spanish Strategy for Science and Technology and for Innovation" for the 2013-2020 period, the essential purpose of which is to promote the scientific, technological, and business leadership of the country as a whole and to increase the innovation capacities of the Spanish company and the Spanish economy. The beneficiaries may be: individuals, public research agencies, public and private universities, other public R&D centers, public and private health entities and institutions related to or assisted by the National Health System, certified health research institutes, public and private non-profit entities (foundations and associations) engaging in R&D activities, enterprises (including SMEs), state technological centers, state technological and innovation support centers, business groupings or associations (joint ventures, economic interest groupings, industry-wide business associations), innovative business groupings and technological platforms, and organizations supporting technological transfer and technological and scientific dissemination and disclosure.

The aid can take the form of subsidies, loans, venture capital instruments, and other instruments (tax guarantees and incentives).

Participation may be in the form of:

- R&D and TI programs and projects used to foster the creation of knowledge, its application and innovation in all its dimensions.
- Contracting and aid targeted at R&D and TI human resources for the training and incorporation of doctors, researches, technologists, technicians and managers.
- Scientific and technical infrastructures and the acquisition of equipment required for the pursuit of R&D and TI activities.
- Supplementary actions associated with R&D and TI projects and programs.
- Revitalization actions for the execution of strategic and priority actions.

- And, joint programming initiatives carried out as transnational cooperation with a view to facing major scientific challenges.

In 2013, the European Commission implemented Horizon 2020, the largest-ever EU research and innovation program with nearly EUR 80 billion of funding available from 2014 – 2020. The goal of the program is to attract additional private investment to promote breakthroughs and discoveries and take new ideas from the laboratory to the market. Horizon 2020 is open to all EU Member States and seeks to promote public and private collaboration in delivering innovation. EU Members States are eligible for funding on international collaborations; however, Horizon 2020 expressly prohibits funding on international collaboration with advanced economies outside of the EU.

Foreign Trade Zones/Free Ports/Trade Facilitation

Both the mainland and islands (and most Spanish airports and seaports) have numerous free trade zones where manufacturing, processing, sorting, packaging, exhibiting, sampling and other commercial operations may be undertaken free of any Spanish duties or taxes. Spain's seven free zone ports are located in Vigo, Cadiz, Barcelona, Santander, Seville, Tenerife, and the Canary islands—all of which fall under the EU Customs Union, permitting the free circulation of goods within the EU. The entire province of the Canary Islands is a Special Economic Zone (SEZ), offering fiscal benefits that include a reduced corporate tax rate, a reduced VAT rate, and exemptions for transfer taxes and stamp duties. The Spanish territories of Ceuta and Melilla also offer unique tax incentives; they do not impose a VAT but instead tax imports, production, and services at a reduced rate. Spanish customs legislation also allows companies to have their own free trade areas. Duties and taxes are payable only on those items imported for use in Spain. These companies must abide by Spanish labor laws.

Performance and Data Localization Requirements

Performance requirements are not used to determine the eligibility or level of incentives granted to investors.

The Spanish Data Protection Agency and the Spanish Police request data from companies, although the companies may refuse unless required by court order.

Protection of Property Rights

Real Property

The recovery of the Spanish economy since the global financial crisis has been reflected in Spain's real estate market. In 2017, total property sales or purchases rose 15 percent over 2016 levels—reaching 465,000 units, marking the highest annual total since 2008. In 2017, property prices increased an average of 7.6 percent compared to 2016 but remain around 20 percent below 2007 levels, which marked the peak of the real estate bubble. Foreign investment in real estate is particularly evident in sales of second homes on the Spanish coast and in office space in Madrid. New financing to acquire shares and assets of Spanish banks and financial institutions has helped to support recovering real estate prices. Investment in real estate is made directly through a permanent establishment or a Spanish company. Special vehicles may also be used to invest in real estate. Access to bank finance for the acquisition of real estate has been limited in Spain since 2007 as the

financial sector continues to take steps to reduce non-performing loans (NPLs) associated with real estate assets. Investment financing for the real estate sector has come primarily from foreign funds and individuals.

There are generally no restrictions on foreign ownership of real estate. The buyer must fill out a Declaration to the Foreign Investment Register form before buying the property if the funds for the purchase come from a country or territory considered to be a tax haven. The declaration lasts six months. Foreign individuals require an identification card for foreigners (NIE for individuals). Other foreign legal persons require an identification card known as a CIF. Apart from money laundering regulations, no special restrictions or limitations apply to foreign mortgage guarantees and loans.

The Land Register provides evidence of title. The registration system is rigid, formalistic and functions efficiently. It provides legal certainty to all parties involved in a transaction. Public or private acts that affect the property are included in the land register. The Property Registry is responsible for managing the Land Register. A right or title recorded in the registry prevails over any other right or title. Certain administrative concessions (licenses for individuals to use or develop publicly-owned property for a particular purpose) may also be registered. Anyone who can prove a legitimate interest in the information contained in the register may access the register. It is not possible to make changes to the ownership of the real estate by electronic means. The transfer of real estate or the grant of rights over property should be executed by public deed in front of a notary before being registered with the Land Registry. A registered title includes the plot of land and the buildings attached to the land. Each plot constitutes a registered property. Each registered property is a legal object and has its own separate entry in the registry in which all related data is registered. There are rules that determine whether a parcel of land, a building, farm, spring or other type of property has a separate entry in the registry system.

Lenders generally use mortgages as security. Mortgages are made by public deed and registered at the land registry. Once registered, the mortgage takes priority over the interest of any third party. Anyone with a legitimate interest in a property can find out whether it is mortgaged by consulting the register. Sale and leaseback is another form of real estate financing that has been used by some Spanish financial institutions. These institutions raised finance through the sale of their offices to their clients and subsequently leased them back. The institution raised funds and their clients received a stream of rental income.

Intellectual Property Rights

Spanish law protects intellectual property rights; enforcement is carried out at the administrative and judicial levels. Intellectual property protection has improved in recent years and is generally effective. However, several municipalities struggle to curb the sale of counterfeit apparel. Spanish patent, copyright, and trademark laws all approximate or exceed European Union levels of intellectual property protection. Spain is a party to the Paris Convention, Bern Convention, the Madrid Accord on Trademarks and the Universal Copyright Conventions.

Copyrights

Spanish law extends copyright protection to all literary, artistic, or scientific creations, including computer software. Spain has ratified the World Intellectual Property Organization's (WIPO) Copyright Treaty (WCT) and the WIPO Phonograms and Performances Treaty (WPPT)—the so-called Internet treaties. In 2006, Spain passed legislation implementing the EU Copyright Directive, thereby also making the Internet treaties part of Spanish law. However, the Internet remains a problematic area in terms of respect for intellectual property rights in Spain.

Since its removal from the USTR Special 301 watch list in 2012, Spain has undertaken extensive, multi-year reform measures to strengthen its framework for intellectual property rights (IPR) protections. As a result, Spain now has a stronger legal framework and corresponding criminal procedures to address IPR violations. However, digital piracy in Spain persists and rights holders continue to voice concerns about the length of Spain's administrative, civil, and criminal procedures for combating online piracy.

Patents

Spanish authorities published a new Patents law in 2015 (Law 24/2015). It entered into force on April 1, 2017. A non-renewable 20-year period for working patents is available if the patent is used within the first three years. Spain permits both product and process patents. The European Parliament approved regulations to establish a single patent for the European Union (EU) in December 2012. Spain and Italy decided to opt out, however, due to discrepancies with the patent's linguistic regime (English, French, and German). A special court will be created to resolve disputes arising from the 25 country signatories. Companies or individuals who want to protect their innovations throughout the EU will have to request a patent in three places – in Munich, the headquarters of the European patent, in Spain, and in Italy (compared to the need to do so in 27 different countries currently) – and will be exposed to litigation in many other jurisdictions. Patents will be issued in English, French, or German, although applications may be presented in any official EU language, along with a summary in one of the three aforementioned languages. Although the regulations entered into force on January 20, 2013, the Patent Package will not enter into force until Germany, France, and 10 other Member States have ratified the Agreement on a Unified Patent Court. As of March 2017, 12 countries have ratified the agreement, which will enter into force upon ratification by Germany and the United Kingdom.

Pharmaceutical companies have reported that Spain's lack of patent harmonization with the majority of European Union Member States has left holders of pharmaceutical process patents with weaker patent protection than required by the WTO Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement. The Spanish government has amended the penal code to stipulate that patent infringers will receive one to three years imprisonment for infringing on protected plant varieties for commercial or agricultural purposes.

Trademarks

Despite high-profile, high-impact raids in 2016 to halt physical sales of counterfeit goods, storefronts selling counterfeit goods have reopened and sales have rebounded. Spanish National Police note that the removal of IP from the EUROPOL Strategic Plan will diminish attention to IP crime in Spain.

Spanish authorities published a new Trademark law in 2001 (Law 17/2001), which came into effect in July 2002. The Spanish Office of Patents and Trademarks oversees protection for national trademarks. Trademarks registered in the Industrial Property Registry receive protection for a 10-year period from the date of application, which may be renewed. Protection is not granted for generic names, geographic names, those that violate Spanish customs or other inappropriate trademarks. In March 2015, the Spanish parliament passed a reform of the penal code that entered into force in July 2015 (Ley Organica 1/2015). The revised penal code removed the condition that certain intellectual property rights crimes related to the sale of counterfeit items meet a threshold of EUR 400 in order to merit prosecution and changed the procedure for destruction of counterfeit items seized by law enforcement. Counterfeit items may be destroyed once an official report has been made regarding the items, unless a judge formally requests that the items be retained.

Spain's *Els Limits de La Jonquera* market in Girona is listed in the USTR's 2017 Out of Cycle Review (List) of Notorious Markets for widespread sale of counterfeit goods.

The Spanish Tax Agency releases statistics on seizures of counterfeit goods sporadically via its website. In 2015—the most recent data available—Spain confiscated nearly 2.6 million counterfeit products in more than 2,500 operations.

Businesses may seek a trademark valid throughout the European Union. The Office for Harmonization in the Internal Market (OHIM) for the registration of community trademarks in the European Union started its operations in 1996. Its headquarters are located in Alicante:

Office for Harmonization in the Internal Market (Trade Marks and Designs)

Avenida de Europa, 4

E-03008 Alicante

Tel: (34) 96-513-9100

<http://oami.europa.eu/ows/rw/pages/OHIM/contact.en.do>

The World Intellectual Property Organization (WIPO, headquartered in Geneva) oversees an international system of registration. Applicants must designate the countries where they wish to obtain protection. However, this system only applies to U.S. firms with an establishment in a country that is a party of the Agreement or the Protocol.

For additional information about national laws and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>."

Resources for Rights Holders

Embassy POC: Madrid_ECON@state.gov

A list of local lawyers can be found at:

<http://madrid.usembassy.gov/citizen-services/professional-services/attorneys2.html>

Financial Sector

Capital Markets and Portfolio Investment

The convergence of monetary policy following the adoption of the euro led to a significant lowering of interest rates; however, the eurozone crisis and the downgrade of Spanish sovereign debt had a negative effect on public financing costs. Foreign investors do not face discrimination when seeking local financing for projects. A large range of credit instruments are available through Spanish and international financial institutions. Many large Spanish companies rely on cross-holding arrangements and ownership stakes by banks rather than pure loans. However, these arrangements do not act to restrict foreign ownership. Several of the largest Spanish companies that engage in this practice are also publicly traded in the U.S. There is a significant amount of portfolio investment in Spain, including by American entities. In 2016, foreign investment flows in negotiable securities decreased by 46.3 percent over 2015, while accumulated foreign investment amounted to EUR 391.9 billion. The vast majority (99.6 percent) of which was in equity securities,

while 0.4 percent was in shares of investment funds. Investors were mainly from the Organization for Economic Co-operation and Development (OECD) countries (99.5 percent), especially from EU countries (91.8 percent) and the United States (6.2 percent).

Money and Banking System

Spain's domestic housing crisis, which began in 2007, was linked to poor lending practices by Spanish savings banks (*cajas de ahorros*), many of which were heavily exposed to troubled construction and real estate companies. The government created a Fund for Orderly Bank Restructuring (FROB) through Royal Decree-law 9/2009 of June 26, which restructures credit institutions with an eye toward bolstering capital and provisioning levels. The number of Spanish financial entities has shrunk significantly since 2009 with 50 entities consolidated into 11 as of April 2018 (Santander, BBVA, Banco Popular, Bankinter, Banco Sabadell, CaixaBank, Bankia, Banco Ibercaja, Kutxabank, Liberbank, Abanca, and Unicaja Banco).

Since the financial sector's peak in 2008, the number of financial institution branches that accept deposits has been reduced by 38 percent, according to Bank of Spain and European Central Bank data. Since 2008, more than 14,000 Spanish bank branches have closed, representing around 40 percent of the existing network in 2008. After this reduction there were 27,320 banking offices in Spain. The sector has also shed nearly 95,000 workers, and downsizing continues as banks reassess profitability. Early retirement for those over 50 years old has been the mechanism of choice for banks seeking to downsize their workforce. In 2017, two significant banking consolidations occurred. Banco Santander (Spain's largest bank by market capitalization) acquired Banco Popular in June 2017 after the EU's Single Resolution Board (SRB)—the centralized banking authority for the EU, established in 2015—deemed Banco Popular as "failing or likely to fail." Later in June, Bankia agreed to acquire Banco Mare Nostrum—a deal finalized in January 2018, making Bankia Spain's fourth-largest bank in terms of market capitalization.

Financial sector reforms announced in 2012 sought to increase bank transparency with regard to exposure to toxic assets, to reduce oversupply of financial services by encouraging further consolidation, and to alleviate the credit crunch by stabilizing bank balance sheets to increase lending. In January 2014, Spain cleanly exited its EU aid program and has made several prepayments of its European Stability Mechanism (ESM) obligations, steps that have earned praise for Spanish restructuring efforts from EU officials. In November 2015, the Government approved legislation implementing the Law on the Recovery and Resolution of Credit Institutions and Investment Service Companies. The regulation also develops the role of the Orderly Bank Restructuring Fund (Spanish acronym: FROB), as the National Resolution Authority, as well as the contributions of institutions to the National Resolution Fund and the Deposit Guarantee Fund. The flow of credit has been restored and alternative financing mechanisms have been created. The IMF conducted a Financial System Stability Assessment of Spain in August 2017—the first such review since 2012—and deemed that Spain's financial system has made steady progress strengthening its solvency and reducing nonperforming loans (NPLs) since 2012.

Total assets for the five biggest banks in Spain at the close of 2017 were 2.92 trillion euros:

1. Banco Santander: 1.4 trillion euros
2. Banco Bilbao Vizcaya Argentaria (BBVA): 690.1 billion euros
3. CaixaBank: 383.2 billion euros
4. Banco Sabadell: 221.3 billion euros
5. Bankia: 213.9 billion euros

Foreign Exchange and Remittances

Foreign Exchange Policies

There are no controls on capital flows. In February 1992, Royal Decree 1816/1991 provided complete freedom of action in financial transactions between residents and non-residents of Spain. Previous requirements for prior clearance of technology transfer and technical assistance agreements were eliminated. The liberal provisions of this law apply to payments, receipts and transfers generated by foreign investments in Spain.

Remittance Policies

Capital controls on the transfer of funds outside the country were abolished in 1991. Remittances of profits, debt service, capital gains, and royalties from intellectual property can all be affected at market rates using commercial banks.

Sovereign Wealth Funds

Spain and its companies are at the center of attention of sovereign wealth funds (SWFs), not only in these funds' traditional sectors of operation, such as energy and finance, but also in real estate, technology and infrastructure. In 2010 and 2011—in the middle of Spain's economic crisis—SWFs recognized the economic opportunity and looked to invest in Spain and have continued investing as the economy has recovered. The growth of SWFs offers both financial and industrial opportunities for Spain.

As of September 2017, SWFs had invested more than EUR 36.4 billion in Spain, making Spain a priority target in Europe. Spain continues to consolidate its position as an attractive destination for global sovereign investment. Norway's SWF has investments in Spain of about EUR 14.4 billion. SWFs from the Middle East (Kuwait, Qatar, Oman, United Arab Emirates) and Asia (China, Singapore and Malaysia) have also invested in Spain since 2014, reflecting Spain's economic recovery and growth prospects. In late 2016 and 2017, major sovereign wealth funds targeted new investments in Spain in the areas of finance, energy, and manufacturing. In 2016, numerous transactions were carried out by funds involving foreign subsidiaries of Spanish multinationals or Spanish companies in a range of sectors, such as energy, real estate, construction, infrastructure, and the financial sector. Sovereign wealth funds are also increasingly betting on innovation and technology.

State-Owned Enterprises

The size of the public enterprise sector in Spain is relatively small. Over the last two decades, the role and importance of state-owned enterprises (SOE) in Spain decreased notably due to the privatization process that started in the early 1980s. The reform of SOE oversight in the 1990s led the government to create the State Holding for Industrial Participations, (Sociedad Estatal de Participaciones Industriales, SEPI). SEPI was created as a public-law entity by decree in 1995; its status was then protected by law in 1996. SEPI has direct majority participation in 15 SOEs, which makes up the SEPI Group, with a workforce of more than 73,000 employees in 2015, and also is a direct minority shareholder in ten SOEs (five of them listed on stock exchanges), and participates indirectly in ownership of more than a hundred companies. Both legislative chambers and any parliamentary group may request the presence of SEPI and SOE representatives to discuss issues related to their performance. SEPI and the SOEs are required to submit economic and financial information to the legislature on a regular basis. The European Union, through specialized committees, also controls SOEs' performances on issues concerning sector-specific policies and anti-competitive practices. SEPI's mission is to make profitable its entrepreneurial participations and orient all its activities taking into

account the public interest, which makes it responsible for combining the objectives of economic and social profitability. Beyond its initial nature of a mere agent in charge of industrial policy, SEPI has been consolidated as an instrument for the economic and financial policy, maintaining a close relationship with the budgetary policy.

Corporate Governance of Spain's SOEs uses criteria based on principles and guidelines from the Organization for Economic Co-operation and Development (OECD). These include the state ownership function and accountability, as well as issues related to performance monitoring, information disclosure, auditing mechanisms and the role of the board in the companies.

Companies with a Majority Interest:

Agencia Efe - - Cetarsa - - Defex (company in liquidation) - Ensa - Grupo Cofivacasa - Grupo Correos - Grupo Enusa - Grupo Hunosa - Grupo Mercasa - Grupo Navantia - Grupo Sepides - Grupo Tragsa - Hipodromo de la Zarzuela - - Mayasa - Saeca

Companies with a Minority Interest:

Airbus Group, NV - Alestis Aerospace - Enagas - Enresa - Hispasat - Indra - International Airlines Group - Red Eléctrica Corporación - Ebro Foods

Attached companies: RTVE- Corporación de Radio y Televisión Española

Reference: http://www.sepi.es/es/sectores/empresas?title=All&tid=All&field_participacion_target_id=All

Privatization Program

As the size of its public enterprise sector is relatively small, Spain does not have a formal privatization program.

Responsible Business Conduct

Spanish companies consider corporate reputation, competitive advantage, and industry trends to be the major driving forces of responsible business conduct (RBC). Initiatives undertaken by the EU and international organizations have influenced companies' decision to implement RBC, and companies continue to increasingly adhere to its principles. Associations and fora that bring together the heads of leading corporations, business schools and other academic institutions, NGOs and the media are actively contributing to implementation of RBC in Spain. Although the visibility of RBC efforts is still moderate by international standards, in the last two decades there has been a growing interest in it. Today, almost all of Spain's largest energy, telecommunications, infrastructure, transport, financial services and insurance companies, among many others, have undertaken RBC projects, and such practices are spreading throughout the economy. The Spanish government has taken some measures to promote RBC since 2002.

The Spanish government has taken some measures to promote RBC since 2002. The government endorsed the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and the national point of contact is the Ministry of Industry, Energy, and Tourism.

Corruption

Spain has a wide variety of laws, regulations, and penalties to address corruption. The legal regime has both civil and criminal sanctions for corruption, bribery, financial malfeasance, etc. Giving or accepting a bribe is a criminal act. Under Section 1255 of the Spanish civil code, corporations and individuals are prohibited from deducting bribes from domestic tax computations. There are laws against tax evasion and regulations for banks and financial institutions to fight money laundering terrorist financing. In addition, the Spanish Criminal Code provides for jail sentences and hefty fines for corporations' (legal persons) administrators who receive illegal financing.

In 2010, Spain's Law 10/2010 transposed the third European Union money laundering Directive (Directive 2005&60/CE) of the European Parliament and the Council of October 26, 2005. Law 7/2012, passed October 29, 2012, restricts the size of cash transactions, a measure to reduce Spain's large underground economy. In December 2013, the Parliament approved the Law of Transparency aimed at reducing corruption among public officials. The Law applies to Public Law Corporations, the House of His Majesty the King, Congress, judicial entities, as well as the Bank of Spain, State Council, Ombudsman, Court of Auditors, Economic and Social Council, and corollary regional institutions. Political parties and unions also must abide by the law, as well as private entities that receive certain amounts of public assistance or subsidies.

Two bills related to the Transparency Law were passed in 2015, the Law of Control of Political Parties' Economic and Financial Activities, and the Law for the Regulation of Public Office of Officials in the General Administration. The former prohibits political parties from accepting donations from companies and limits donations from private citizens to a maximum of 100,000 euros per year; the latter deters the inappropriate use of official positions and strengthens public institutions.

The General State Prosecutor is authorized to investigate and prosecute corruption cases involving funds in excess of roughly \$500,000. The Office of the Anti-Corruption Prosecutor, a subordinate unit of the General State Prosecutor, investigates and prosecutes domestic and international bribery allegations. There is also the Audiencia Nacional, a corps of magistrates with broad discretion to investigate and prosecute alleged instances of Spanish businesspeople bribing foreign officials.

Spain enforces anti-corruption laws on a generally uniform basis. Public officials are subjected to more scrutiny than private individuals, but several wealthy and well-connected business executives have been successfully prosecuted for corruption. In 2017, Spanish courts conducted 97 corruption cases involving 411 defendants. The courts issued 126 sentences, with 93 including a full or partial guilty verdict. As of October 1, 2017, there were 78 people jailed for political or administrative corruption crimes and a further 12 in detention. Several high-profile political corruption cases are expected to be resolved in 2018, including cases involving individuals from or linked to the ruling Popular Party and the Spanish royal family.

There is no obvious bias for or against foreign investors. U.S. firms have rarely identified corruption as an obstacle to investment in Spain, although entrenched incumbents have frequently attempted and at times succeeded in blocking the growth of U.S. franchises and technology platforms in both Madrid and Barcelona. As a result, Spain has been perceived by some as the least welcoming country in Europe for some of the U.S.'s leading technology companies, such as Airbnb, Uber, Lyft, and Expedia. Although no formal corruption

complaints have been lodged, U.S. companies have indicated that they have been disqualified at times from public tenders based on reasons that these companies' legal counsels did not consider justifiable.

Spain's rank in Transparency International's annual Corruption Perceptions Index continued to fall in 2017, with the country falling to position 42 (from 41 in 2016 and 36 in 2015); its overall score (57) is one of the lowest among Western European countries. Transparency International criticized the systemic political corruption that persists in Spain and called for improvements between the institutional and legal infrastructure to ensure a viable judiciary. Among the Spanish public, corruption continues to be one of the main concerns, second after unemployment.

Participation in International Anti-Corruption Initiatives

Spain is a signatory of the Organization for Economic Co-operation and Development (OECD) Convention on Combating Bribery and the UN Convention Against Corruption. It has also been a member of the Group of States Against Corruption (GRECO) since 1999. OECD has noted concerns about the low level of foreign bribery enforcement in Spain and the lack of implementation of the enforcement-related recommendations. GRECO highlighted the "limited progress made by Spain in adopting 11 of the group's recommendations from 2013 to combat corruption. GRECO criticized Spain for failing to adopt a code of conduct in its Congress and Senate, conduct a thorough review of the financial disclosure regime, or establish an enforcement mechanism for when misconduct occurs.

Resources to Report Corruption

Contact at government agency or agencies are responsible for combating corruption:

Resources to Report Corruption

Ministry of Finance and Public Administrations

Alcalá, 9

28071 Madrid, Spain

34 91 595 8000

sugerencias.portal@meh.es

informacion.administrativa@minhap.es

Transparency International

National Chapter - Spain

Fundación José Ortega y Gasset

Calle Fortuny, 53, 28010 Madrid

Spain

Telephone: +34 91 700 4105

Email: transparency.spain@transparencia.org.es

Website: <http://www.transparencia.org.es/>

Political and Security Environment

There have been periodic peaceful demonstrations against austerity measures and other social or economic policies. Public sector employees and union members have organized frequent small demonstrations in response to service cuts, privatization, and other government measures.

Labor Policies and Practices

In 2017, Spain's GDP surpassed its pre-crisis level for the first time, underscoring Spain's emergence from its economic crisis. This marked economic improvement can also be seen in the 2017 unemployment numbers. The unemployment rate continued to fall, ending the year at 16.6 percent, a significant reduction from its peak of nearly 27 percent in 2013. However, Spain continues to have the second-highest unemployment rate in the EU, behind only Greece. Popular Party (Partido Popular, PP) President Mariano Rajoy promised to create half a million jobs per year and exceeded this goal in 2017 with 611,000 new jobs created. Steady job creation is due, in part, to Spain's flourishing tourism industry. In 2017, Spain set a new record with more than 82 million visitors who spent more than 87 billion euros—a 12 percent year-over-year increase.

The unemployment rate among youth, defined in Spain as those aged 16 to 25, remains high (37.5 percent at year end), leaving a significant portion of the next generation currently without skills, posing a significant risk to Spain's long term competitiveness. There is a significant shortage of workers who possess the technological skills needed by the labor market in Spain. To make matters worse, the size of the labor force keeps shrinking. The number of people willing and able to work remained stable at 22.7 million individuals in the final quarter of 2017, for an economic activity rate of 58.8 percent. The number of employed persons increased by 2.7 percent to 19 million. About 19 percent of wage earners in Spain are employed by the public sector. By sector, compared with 2016, jobs were created across all major sectors: services (+258.7 thousand), industry (+125.2 thousand), construction (+54.5 thousand), and agriculture (+45 thousand). The estimated number of foreigner workers in Spain in 2017 was 2.1 million. The most representative groups of workers come from EU Member States (818,000) and South America (639,000).

The Labor market reforms in 1994 and 1997 eased impediments to hiring and firing but did not fundamentally change the labor regime. The labor market is divided into permanent workers with full benefits and temporary workers with many fewer benefits. Labor market reform legislation enacted by the parliament in September 2010 aimed to encourage the use of indefinite labor contracts by reducing the number of days of severance pay under these contracts. In January 2011, government, business, and labor union representatives agreed to a pension reform that increases the legal retirement age from 65 to 67 over a 15-year period beginning in January 1, 2013, and gradually increases the number of years of contributions on which pensions are calculated.

After consultations between business and labor organizations, the government introduced a labor reform decree in February 2012 that included new provisions related to collective bargaining, hiring, and job placement. On June 28, 2012, the parliament definitively approved the labor reform bill presented by the government. The new law makes dismissal quicker and cheaper and gives more power to businesses to change working conditions and wages. On November 25, 2013, the Minister of Employment announced changes to the 2012 labor reform to promote hiring consolidating the incentives that were scattered throughout Spanish legislation into a single chapter of the Law of Employment in order to facilitate hiring; in December 2013, the Parliament approved a further reform of the pension system, in order to guarantee the sustainability of Social Security, introducing a sustainability factor, a new indicator for the revalorization of pensions, and the creation of an independent fiscal authority that will be responsible for producing reports about the effects of the law on the adequacy of pensions.

In December 2014, the government approved a Royal Decree on a special program for the activation of employment. According to the Minister, this was the government's response to the Eurogroup's demands for a second round of labor reform. In March 2015, the government approved an extraordinary credit of EUR 850 million in funding for the Activation Program for Employment, which is aimed at long-term unemployed with family responsibilities. The program's estimated total annual cost is EUR 1 billion. In December 2017, Spain adopted a revised Activation Strategy for Employment for 2017-2020 with the goals of promoting the creation of more and better quality jobs—particularly for youth—and addressing technological and demographic changes.

Collective bargaining is widespread in both the private and public sectors. A high percentage of the working population is covered by collective bargaining agreements, although only a minority (generally estimated to be about 10 percent) of those covered are actually union members. Under the Spanish system, workers elect delegates to represent them before management every four years. If a certain proportion of those delegates are union-affiliated, those unions form part of the workers' committees. Large employers generally have individual collective agreements. In industries characterized by smaller companies, collective agreements are often industry-wide or regional. The reforms enacted in 2012 gave business-level agreements primacy over sectoral and regional agreements and made it easier for businesses to opt out of higher-level agreements. They also required collective labor agreements to be renegotiated within one year of expiration.

The Constitution guarantees the right to strike, and this right has been interpreted to include the right to call general strikes to protest government policy.

OPIC and Other Investment Insurance Programs

As Spain is a member of the European Union, Overseas Private Investment Corporation (OPIC) insurance is not offered. Various EU directives, as adopted into Spanish law, adequately protect the rights of foreign investors. Spain is a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA).

Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country Statistical Source*		USG or International Statistical Source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2016	USD 1,200,000	2016	USD 1,237,000	www.worldbank.org/en/country

Foreign Direct Investment	Host Country Statistical source*	USG or International Statistical Source	USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in Partner Country (\$M USD, stock positions)	2015 USD 50,046	2016 USD 37,388	BEA data available at http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Host Country's FDI in the United States (\$M USD, stock positions)	2015 USD 66,857	2016 USD 68,169	BEA data available at http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Total Inbound Stock of FDI as % host GDP	2015 45.2%	2015 3.43%	

*Ministry of Economy, Industry and Competitiveness, <http://www.comercio.gob.es/es-ES/inversiones-exteriores/informes/Paginas/presentacion.aspx>

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions), 2016					
Inward Direct Investment			Outward Direct Investment		
Total Inward	545,954	100%	Total Outward	516,851	100%
Netherlands	119,954	22%	United Kingdom	85,445	17%

Luxembourg	75,143	14%	United States	77,644	15%
United Kingdom	70,578	13%	Brazil	60,864	12%
France	49,476	9%	Mexico	32,832	6%
Germany	41,775	8%	Chile	29,333	6%

"0" reflects amounts rounded to +/- USD 500,000.

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets, June 2017								
Top Five Partners (US Dollars, Millions)								
Total			Equity Securities			Total Debt Securities		
All Countries	662,236	100%	All Countries	307,827	100%	All Countries	354,409	100%
Luxembourg	146,378	22.41%	Luxembourg	139,984	45.5%	Italy	117,116	33.0%
Italy	120,842	18.2%	France	42,000	13.6%	Netherlands	29,861	8.4%
France	62,634	9.5%	Ireland	39,756	12.9%	United States	29,691	8.4%
Ireland	49,049	7.4%	United States	15,814	5.1%	United Kingdom	21,332	6.0%
United States	45,505	6.9%	United Kingdom	15,803	5.1%	France	20,634	5.8%

Contact for More Information

Tara Haase, Economic Officer, tel.: (34) 91 5872465; haasetc@state.gov

Ana Maria Waflar, Economic Specialist, tel.: (34) 91 5872290; wafларax@state.gov

Trade & Project Financing

Includes an overview of common payment methods, banking systems, foreign exchange regulation and financing operations as well as the implications that each of these has for U.S. firms

Methods of Payment

In general, foreign products are imported to Spain by an irrevocable letter of credit, but other forms of payment can be negotiated when a relationship has already been established between exporter and importer/distributor.

- Payments are usually based on 30-, 60- or 90-day terms.
- Large corporations (including large retailers) often impose longer payment terms of up to six months.
- The government defers many payments - depending on the department, payments may be deferred up to one year.

In Spain, the most common methods of payment for international trade are:

- Check (cheque): Bank checks guarantee secure transactions, while personal checks do not. Personal checks do not provide adequate guarantees against commercial risk because the bank does not guarantee the funds in the account of the issuer.
- Payment Order (orden de pago): Through a payment order to the bank in Spain, the importer pays the exporter's bank the amount due by using a correspondent bank in the base country. The initiative for the payment in this case is the importer's responsibility. These transfers, via SWIFT (Society for Worldwide Interbank Financial Telecommunications), are common in the Spanish banking system.
- Documents against payment (remesa documentaria): Exporters use this instrument to ensure the possession of the merchandise until they have received payment or at least until the importer accepts a bill of exchange.
- Documentary Credit (crédito documentario): This enables safer transactions owing to the involvement of banks in both countries. In this case, the importer's bank insures against the entry of a third party (an exporter, the bank or a correspondent bank).

Further counseling on international payment methods can also be obtained from [U.S. Export Assistance Centers](#), [The International Chamber of Commerce \(ICC\)](#), local chambers of commerce, the [U.S. Government Export Portal](#) and at [Unzco](#).

The ICC has also recently introduced a mechanism to settle letter-of-credit disputes, DOCDEX, or [Documentary Credit Dispute Resolution Expertise](#).

Banking Systems

Spain's expansive and modern financial system is fully integrated with international financial markets. The system includes credit, stock and money markets, and specific markets for derivatives.

The banking system is regulated by the Secretary General of Treasury and Financial Policy, the Directorate General of International Trade and Investments in the Ministry of Economy and Competitiveness, and the Bank of Spain. Spanish legislation on bank incorporations is regulated by Royal Decree 1245, dated July 14, 1995. When looking to set up a branch or representative office in Spain, foreign banks that have already been

authorized in another EU member country do not need authorization from the Bank of Spain. Conditions of access to the Spanish financial system are the same for both Spanish and foreign companies.

The EU single market in banking and insurance services has changed the Spanish legal framework. Spain has adopted EU Directives that regulate the equity and solvency ratio of credit institutions and Council Directives on banking coordination. It has also adopted EU Directives on the securities market and insurance services. As Spain is a member of the Eurozone, it lacks traditional monetary policy tools; interest rates instead fluctuate in response to actions of the European Central Bank.

The banking industry in Spain expanded significantly during the country's 15 years of rapid economic growth prior to Spain's housing bubble and the international financial crisis, which forced Spain in 2012 to request EU bailout funds to recapitalize and restructure its financial sector. In the run-up to the housing crisis of 2008, Spanish banking was dominated by regional savings banks ("cajas de ahorro"), which were often controlled by political interests and whose poor lending practices fueled the rapid growth of Spain's housing bubble. The Spanish government used the bailout in 2012 to close and recapitalize banks as well as shift bad assets into a bank specifically created to manage them. As a result, Spain's banking sector consolidated significantly; most of Spain's regional savings banks have closed or merged. Since the bailout, Spain's banks have made significant progress deleveraging bad mortgages but are still cleaning up their balance sheets. After years of very tight lending in response to the real estate and financial crises, Spanish banks are slowly beginning to increase access to consumer and commercial credit.

Operators in the Spanish financial system

1. The Bank of Spain

The Bank of Spain is the country's central bank that serves the government, supervises operations of other banks and credit institutions, maintains a centralized information system, and regulates exchange controls and foreign exchange markets. The Bank of Spain is fully integrated in the European Central Bank System, and has followed its monetary and exchange policy since January 1999.

2. Other banks

- Spanish and foreign banks
- Savings banks
- Credit cooperatives - rural savings banks

Private and savings banks perform considerable business throughout all segments of the economy. As of June 2017, the Bank of Spain's register shows 256 credit entities:

- Private banks (68)
- Savings banks, "cajas" (2)
- Credit unions (63)
- Finance houses (31)
- Branches of foreign banks headquartered in EU and non-EU countries (84), four of which are U.S. banks. (82)
- Electronic money institutions (5)
- Foreign electronic money institutions (2)

Spain has one of the largest banking branch networks in the Eurozone despite significant consolidation of the sector in the past five years. Given its still relatively high penetration of banks per capita and banks' tight profit margins, analysts expect further consolidation of Spain's banking sector.

Other credit entities

- Credit financial establishments specialize in asset products such as leasing, lending, factoring, and mortgage loans. They cannot take public deposits.
- ICO - Instituto de Crédito Oficial (Institute for Official Credit) serves as the State's finance agency and investment bank.

Investment institutions

Collective investment entities:

- Investment companies dealing in marketable securities and property assets.
- Investment funds dealing in marketable securities, money market assets, property assets, mortgage securities, pension plans and funds.
- Venture capital funds and companies.
- Other investment entities.

Brokers

- Stock market: Stockbroker companies and agencies.
- General: Banks, security management and deposit companies.

Insurance and re-insurance companies and insurance brokers

Spain has improved its investment and brokerage entities. Governing investment entities are required to provide financial reporting to the public and recognize new types of investment organizations such as venture capital funds and companies. Spain has implemented tax relief measures in an effort to reduce extra costs involved in using this form of investment.

Money Market

The Bank of Spain bases Spain's money market essentially on the issuance of short-term securities, taken up by banks, finance companies and money market operators. The Spanish money market has become increasingly important in recent years after the system was made more liberal and flexible. The government debt market is also important in Spain, and both residents and foreigners invest in it. For non-residents, tax arrangements for investments in these securities are quite favorable.

Credit Market

The Spanish credit market is structured around private banks, which use their funds to provide financing for the private sector. These banks also operate as investors and underwriters in the stock market since they are able to adjust their liquidity by inter-bank and money market transactions. Liberalization of capital movement within the EU has made it easier for Spanish companies to obtain financing from abroad.

Stock Market

Bolsas y Mercados Españoles (BME) is the Spanish company that deals with the organizational aspects of the Spanish stock exchanges and financial markets, which includes the stock exchanges in Madrid, Barcelona, Bilbao and Valencia. BME has been a listed company since 14 July 2006 and a constituent of IBEX 35—the benchmark index for Spain's principal stock exchange— since July 2007.

The Spanish system of market regulation is based on a British/U.S. model. Spain has a single computerized and centralized continuous stock market that penalizes insider trading. The National Stock Exchange Commission, CNMV, supervises the system and cooperates in developing its regulations.

The competitive securities market has a three-day settlement system. Trading on credit is permitted; new hedging instruments, index, and warrant options are available. The government has enacted stricter and

more comprehensive regulations regarding takeover bids. Other positive developments in Spain's stock market include establishment of futures and options markets, plus an unofficial second market for trading in fixed-income assets. These advances have made the Spanish securities market safer and more transparent.

Pension Plans and Insurance Companies

Security investment companies and funds in Spain have increased in recent years. Employers, associations, and financial entities are able to promote pension plans. These plans include favorable tax treatment and restrictions on use of funds before retirement, death or disability. Accumulated savings in pension plans may also be used in the event of long-duration unemployment or serious illness. Private insurance legislation, Law 30/1995, requires companies to formalize their pension plans with an external fund or insurance contract.

The life insurance market has also grown substantially in Spain. This is mostly due to the similarities between survival insurance contracts, which include favorable tax treatment, and traditional saving formulae. The government prohibits the sale of short-term survival insurance with low actuarial content. In recent years, international insurance companies have begun operating in Spain by forming subsidiaries and branch offices or by purchasing existing companies. In general, the companies have attained profitable results and excellent market positions.

[Relevant data on the Spanish financial sector and a special section on the status of the financial sector reform and international assessments](#)

Foreign Exchange Controls

Some main features of key legislation on foreign transactions (Royal Decree 1816/1991) include:

- Safeguard clauses -- Under exceptional circumstances, this law authorizes the Spanish government to prohibit or limit certain financial transactions with non-residents if the transactions affect Spanish interests, or if they affect measures adopted by international bodies of which Spain is a member. The Ministry of Economy or the Council of Ministers may invoke these safeguards if necessary.
- Documenting transactions -- For statistical purposes, banks must document money transactions.
- Declaration to the Bank of Spain -- Notification must be given to the Bank when certain transactions occur between residents and non-residents. These transactions may include financing and deferral of payments and receipts for over a year, offsets of credits and debits on commercial and financial transactions, or financial loans received from non-residents.
- Prior notification -- This regulation requires prior notification for the export of coins, bank notes and bearer checks, in either local or foreign currency, to non-E.U. countries for amounts of more than 6,000 EUR (USD 6,778 at average 2017 exchange rate) per person, per trip. Prior notification is also required for quantities of more than 6,000 EUR (USD 6.778) coming into Spain.
- Prior authorization -- Prior administrative authorization is required for the export of coins, bank notes, and bearer checks, in either local or foreign currency, for amounts over 30,000 EUR (USD 33,891) per person, per trip.
- Bank accounts -- Non-resident individuals and companies can maintain bank accounts in Spain and do so under the same conditions as residents. The only requirement to have a bank account is documentation of non-resident status. For exchange control purposes, residents are individuals who live in Spain, companies with registered offices in Spain or branches/subsidiaries of foreign companies or of individuals living abroad.

[Check here for more details on exchange control regulations:](#)

US Banks & Local Correspondent Banks

U.S. Banks in Spain: Of the U.S. banks listed below; none offer retail-banking services.

JPMorgan Chase Bank National Association, Sucursal en España

Paseo de la Castellana, 31
28046 Madrid
Tel: (34) 915 161200; Fax: (34) 9151 61616

Representative Offices

The Bank of New York Mellon

José Abascal 45, Plta. 4
280030 Madrid
Tel: (34) 91 177 5120; Fax: (34) 91319 2247

Brickell Bank

Velazquez 94, 2^a.
28006 Madrid
Tel: (34) 91400 5009; Fax: (34) 91 400 5072

Wells Fargo Bank, NA

Plaza Pablo Ruiz Picasso, 1
28020 Madrid
Tel: (34) 91 5768376; Fax: (34) 91 578 2583

Spanish Correspondents

Banco Bilbao Vizcaya Argentaria (BBVA)

International Department
Clara del Rey, 26
28002 Madrid
Tel: (34) 91-374-3000; Fax: (34) 91-374-7197

[Website](#)

Banco Santander
Central International Division
Ciudad Grupo Santander
Calle Partenón
Boadilla del Monte
28660 Madrid
Tel: (34) 91-289 4866
[Website](#)

Caixa Bank
Avda. Diagonal, 621-629
08028 Barcelona
Tel: (34) 93-404-7110; Fax: (34) 93-330-0097
[Website](#)

Bankia, S.A.
Pintor Sorolla, 8
46002 Valencia
Tel: (34) 91 391 5380/Fax: (34) 91 391 5414
[Website](#)

Project Financing

Banks are the primary sources for short and long-term capital. While short-term financing is relatively easy to obtain, medium- and long-term funds are typically only made available to large companies and are thus more difficult to obtain.

- The most important types of short-term financing are through loan agreements (pólizas de crédito), discounting of commercial bills, and loans against bills drawn on a borrowing company to the order of the bank (efectos financieros). Under a "póliza de crédito", (the usual term is six months) the borrower has access to credit up to the maximum amount negotiated in the loan agreement. Spanish borrowers prefer "pólizas" to loans made against bills (efectos financieros or letras financieras) because the latter are subject to stamp tax.
- Commercial bills and other trade instruments are generally discounted under an overall credit line agreed upon by the bank and its client. Banks usually offer these lines for one year and prefer that short-term paper (30, 45 or 90 days) be passed through the line.
- Local companies can raise their discount ceilings by opening term or savings accounts equal to 5-20 percent of their drawings. Equity financing is also available. Savings banks offer primarily, but not exclusively, credit for projects within their local areas. Loans are directed towards financing projects that create new jobs and improve local infrastructure.
- The Official Credit Institute (ICO), an agency supported by the Government of Spain, offers special loan terms for industrial restructuring and for smaller firms.

Credits from the European Investment Bank are significant in Spain and are available for investment projects for development of selected sectors and regions.

Types of Available Export Financing and Insurance

Numerous financial organizations exist to assist U.S. exporters. These organizations include commercial private financial sources such as factoring, forfeiting and confirming services. U.S. federal, state, and local government agencies offer many different types of financing programs. Some are guarantee programs that require the involvement of an approved lender; others provide loans or grants to the exporter or a foreign government. Banks and Commercial banks use government guarantee and insurance programs to reduce risk associated with loans to exporters. Lenders use these government programs to protect themselves against the risk surrounding an exporter's ability to pay.

To determine financing options available, consult:

- Your international or domestic banker
- Your state exports promotion or export finance office
- [Department of Commerce Export Assistance Center](#)
- The Export-Import Bank of the United States ([ExImbank](#))

Availability of Project Financing

The Export-Import Bank of the United States ([ExImbank](#)) is the federal government's trade finance agency and offers many programs to meet the financial needs of American firms and their buyers. Other agencies fill various market niches; [the Department of Agriculture](#) offers a variety of programs to foster agricultural exports while [The Small Business Administration](#) (SBA) caters to the needs of smaller exporters.

Types of Projects Receiving Financing Support

As indicated above, financing may be available to U.S. exporters from public and private U.S. institutions. In Spain, grants and incentives offered by different levels of the EU and Spanish Government, as well as by regional and local authorities, include:

- State and regional incentives for training and employment, especially focused on improving qualifications of active/under-skilled workers and fostering indefinite employment.
- State and regional incentives such as financial aid and tax benefits for specific sectors (agriculture and food, research and development, energy, mining, technological improvement). The "National Plan for Scientific Research and Technological Innovation," partly funded by EU Structural Funds, aims to raise the level of Spanish science and technology and increase competitiveness and the efficient use of research and development results.
- Investment incentives to promote economic growth in less developed areas (Economic Promotion Areas and Special Areas), with a ceiling of up to 50 percent of the investment.
- State incentives for small and medium-sized firms (SMEs), known as "Iniciativa PYME." The Directorate General for Small and Medium Firms promotes several programs for SMEs, mainly for business cooperation and promotion of key areas (Information Services, Design Programs and Financing Programs).
- Incentives for internationalization, primarily for Spanish firms looking to invest or promote their business activities abroad, primarily through the Spanish Industry for Foreign Trade -- ICEX (Spanish Trade & Investment Institute).
- National government incentives for technology development and innovation in industrial sectors, principally through CDTI (Centro para el Desarrollo Tecnológico Industrial) and CSIC (Consejo Superior de Investigaciones Científicas).
- EU incentives and grants from the [European Regional Development Fund](#) aid those areas with lower levels of income and high unemployment; EU incentives are routed through Spanish institutions.

EU Programs

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EU financial assistance programs provide a wide array of grants, loans, loan guarantees and co-financing for feasibility studies and infrastructure projects in a number of key sectors (e.g. environmental, transportation, energy, telecommunications, tourism, public health). From a commercial perspective, these assistance programs create significant market opportunities for U.S. businesses, U.S.-based suppliers, and subcontractors. For detailed information on the financing programs made available by the European Union, please see the [2018 European Union CCG](#).

Loans from the European Investment Bank

[The European Investment Bank \(EIB\)](#) is the financing arm of the European Union. The EIB is a non-profit banking institution that offers cost-competitive, long-term lending in Europe. Best known for its project financial and economic analysis, the Bank makes loans to both private and public EU-based borrowers for projects in all economic sectors, such as telecommunications, transport, energy infrastructure and environment.

While more than 90 percent of its activity is focused on Europe, the bank now works with over 150 non-EU states which receive around 10 percent of the entities funding.

Projects financed by the EIB must contribute to the socioeconomic objectives set out by the European Union, such as fostering the development of less favored regions; improving European transport and telecommunication infrastructure; protecting the environment; supporting the activities of SMEs and assisting urban renewal. In general, projects financed by the EIB must promote growth, competitiveness and employment in Europe. The [EIB website](#) contains information on upcoming tenders related to EIB-financed projects.

The EIB also presents attractive opportunities to U.S. businesses, as EIB lending rates are lower than most other commercial rates. Like all EIB customers, however, U.S. firms must use the loan proceeds for projects that contribute to the European objectives cited above.

The U.S. Mission to the European Union in Brussels has developed a database to help U.S.-based companies bid on EIB public procurement contracts in non-EU countries. All the tenders in this database are extracted from the EU's Official Journal. The [EIB database](#) contains, on average, 50 to 100 tenders and is updated twice per week.

Multilateral Development Banks

Spain does not borrow from Multilateral Banks.

Financing Web Resources

[Trade Finance Guide](#): A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team

[Export-Import Bank of the United States](#)

[Country Limitation Schedule](#)

[OPIC](#)

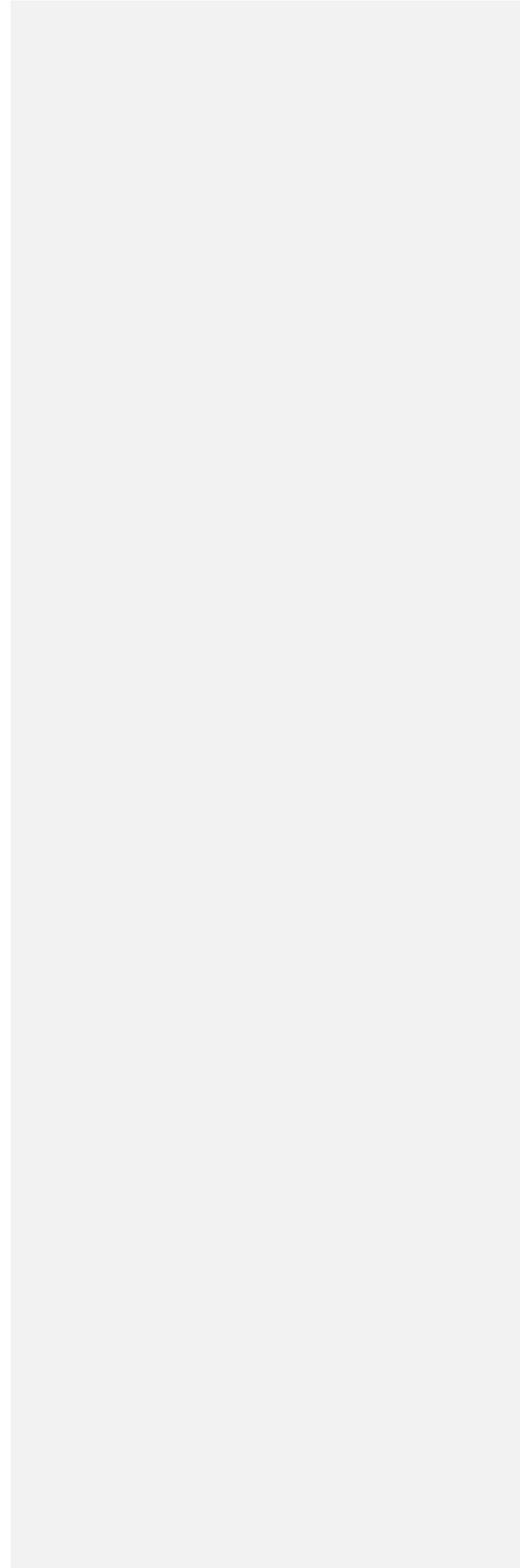
[Trade and Development Agency](#)

[SBA's Office of International Trade](#)

[USDA Commodity Credit Corporation](#)

[U.S. Agency for International Development](#)

[European Investment Bank](#)



Business Travel

Spain is a party to the Schengen Agreement. This means that U.S. citizens may enter Spain for up to 90 days for tourist or business purposes without a visa. Your passport should be valid for at least six months beyond the period of stay. You need sufficient funds and a return airline.

Business Customs

Spaniards tend to be more formal in personal relations than Americans are, but less rigid than they were 10 years ago. It is a mistake to assume doing business in Spain is just like doing business in Mexico and Latin America; Italy or France would be a better comparison. A handshake is customary upon initiating and closing a business meeting, accompanied by an appropriate greeting. Professional attire is expected: business dress is suit and tie, and business cards are required.

Spaniards expect a personal relationship with suppliers; there is no substitute for face-to-face meetings with Spanish business representatives to break into this market. Initial communication by phone or fax is far less effective than a personal meeting, and mail campaigns generally yield meager results. Less than 30 percent of local managers are fluent in English.

Spaniards tend to be "conservative" in their buying habits. Large government and private sector buyers generally are more comfortable dealing with other large, established organizations or with firms recognized as leaders within their sectors — so known brands do well.

Travel Advisory

Detailed information is available on [the State Department Consular Information Sheet](#)

Embassy and Consulate Locations

The U.S. Embassy in Madrid is located at Serrano, 75. You must have an appointment to access the Consular Section for U.S. visa or non-emergency passport, citizenship, and notarial services. For more information and to book an appointment, see the Consulate General's website at <https://es.usembassy.gov/embassy-consulates/barcelona/> or email barcelonaacs@state.gov. We do not provide U.S. visa services in Barcelona.

There is a U.S. Consulate General in Barcelona, at Paseo Reina Elisenda, 23, telephone (34) 93-280-2227. The Consular Section is open to the public in the mornings only. American Citizen Services, including passport services, are available by appointment unless it is an emergency.

Hours for Consular Service are 9:00 a.m. to 1:00 p.m., Monday through Friday.

There are also Consular Agencies in the [following locations](#). Consular Agencies have more limited authorities and hours than the Consular Section in Madrid or Consulate General in Barcelona. The Consular Agencies work by appointment only for routine services.

Emergency services are available to U.S. citizens Monday-Friday from 8 a.m. to 1 p.m. in Madrid and from 9 a.m. to 1 p.m. in Barcelona without an appointment. Please see our websites for more information about the emergency services we provide.

Business travelers to Spain seeking appointments with U.S. Commercial Service officials at the Embassy in Madrid should contact the Commercial Section in advance. The Commercial Section can be reached by telephone at (34) 91-564-8976, and by [e-mail](#).

Emergency Information

The Embassy has a Duty Officer to assist American citizens outside of normal business hours. The Duty Officer can provide information on medical facilities, on obtaining emergency funds from home, on dealing with and replacing lost/stolen items, on reporting crimes, etc. However, most activities, like obtaining an emergency passport to replace a lost/stolen one, can only be performed during normal working hours.

The Duty Officer can be reached at tel. (34) 91-587-2200.

Please consult this [website](#) regarding emergency assistance.

From the United States, the Office of Overseas Citizens Services at the Department of State can be reached by calling 1-888-404-4747.

From outside the U.S., this office can be reached through (1) 317-472-2328.

Visa Requirements

Please refer to the latest [Consular Information Sheet on Spain](#) for more information.

Additional information is also available at [the Embassy website](#).

Entry requirements for Spain

A passport is necessary but U.S. citizens do not require a visa for tourist or commercial stays of up to 90 days. Holders of official or diplomatic passports need visas if traveling on official business.

Under the Schengen Agreement, U.S. citizens may travel with a passport but without a visa between Spain and other Schengen countries (Austria, Belgium, Denmark, France, Finland, Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal and Sweden). U.S. citizens may reside visa-free up to 90 days within the combined Schengen countries during any six-month period. U.S. Citizens who wish to stay longer than 90 days must apply for a visa before arrival.

Entry requirements for the United States

Visa applicants should go to the links below. For further information, visa applicants should call 807-488-472.

Spanish passport holders generally may enter the United States for tourist or business visits of 90 days or less under the Visa Waiver Program. They need, however, to register online for the advance travel authorization, ESTA.

[State Department Visa Website](#)

[ESTA Travel Authorization](#)

[U.S. Embassy Madrid / Consular Section](#)

[U.S. Customs and Border Protection](#)

Currency

Spain is part of the Eurozone and uses the euro as the local currency.

Despite a brief decrease in the amount of credit cards in Spain during the economic crisis of 2008, cards are a widely used method of payment. The number of credit cards circulating in Spain at the end of 2017 was 52.4 million, up 7.38 percent from the year before for a variety of reasons; the limitation of bank fees in 2014, the increase of online transactions, and the one percent growth in GDP of Spain. Some of the most commonly used credit cards in Spain include Barclaycard Oro, Bankinter, Mastercard, and Visa. Debit cards including Maestro, Visa Debit and Mastercard debit are accepted. Many banks are investing in innovative products and new technologies to rebuild their images. Spanish banks BBVA, Grupo Santander, and Caixabank have been the leaders in the innovation process of contactless cards and devices, mobile payments, and digital wallets. Spain is one of the European countries with the highest rate of penetration for such products. Vendors may require additional identification such as a passport or other form of accepted picture identification.

ATMs are commonplace in cities and towns both on street, in retail outlets and some gas stations and visitors should be aware that bank transaction fees may apply, including foreign transaction fees and conversion fees. Traveler's checks are not generally accepted for purchases. Visitors should inquire about the policy of the bank, hotel, or store before seeking to cash a personal check.

For currency or other numerical quantities, a decimal point (period) is commonly used to mark off the thousands position and a comma to denote decimal amounts – unlike the practice in the United States; for example, 1.234.456,78 EUR.

Telecommunications/Electronics

Telecommunications to and from Spain, compare favorably with similar services found throughout the European Union. A direct-dial telephone system links Spain to the United States and most of the world. Calls to the United States may be charged to international telephone cards such as AT&T (900-99-00-11), Sprint (900-99-00-13), and Verizon (900-99-00-16). These numbers can be used to place collect calls to the United States.

All landline numbers in Spain start with 9. Mobile phone numbers start with 6. To place a call to Spain, dial 011+34+ telephone number. To place a call to the United States from Spain, dial 00+1+area code+ telephone number. Public phones in Spain accept coins and Telefónica (main Spanish telephone company) debit cards. Some public phones also accept commercial credit cards.

Transportation

Frequent direct air service is available to major U.S. cities from Madrid and Barcelona. Airports in both Madrid and Barcelona have good public transportation service to downtown. All major cities have metered taxis, and extra charges must be posted in the vehicle. Travelers are advised to use only clearly identified cabs and to ensure that taxi drivers always switch on the meter. A green light on the roof indicates that the taxi is available. There is a flat rate of Euros 30 from the Madrid Airport to the city center.

Public transportation in large cities is generally excellent. Rail service is comfortable and reliable, but varies in quality and speed. High-speed trains are available to Seville, Malaga, Valencia and Barcelona, and Leon Intercity buses are usually comfortable and inexpensive. International Driving Permits are required for non-EU drivers planning to drive in Spain.

For additional general information about road safety, including links to foreign government sites, please see the [Department of State Bureau of Consular Affairs home page](#).

Language

While an increasing number of business people speak English, having product literature, correspondence and negotiations in Spanish provides a distinct advantage over competitors who use only English. Certain regions in Spain have second official languages: Catalan in Catalonia and the Balearic Islands; Valencian in Valencia; Galician/Portuguese in Galicia; and Basque in the Basque Country.

Health

Good medical care in Spain is available, though U.S. medical insurance is not usually valid outside the United States. Travelers have found supplemental medical insurance with specific overseas coverage to be useful since doctors in Spain expect up-front payment.

The hotline for the Center for Disease Control for international travelers can provide further information on health matters: (404) 332-4559.

For more details, please check this [website](#).

Local Time, Business Hours and Holidays

Spanish National Holidays

The Government of Spain publishes a list of official holidays every year. The holidays authorized for 2018 are:

January 6	Epiphany (Wise Kings' Day)
March 30	Good Friday
May 1	Labor Day
August 15	Our Lady's Assumption
October 12	National Holiday
November 1	All Saints' Day
December 6	Constitution Day
December 8	Day of the Immaculate Conception
December 25	Christmas Day

In addition to these national holidays, other local holidays vary by region and city.

In Madrid:

March 29	Easter Thursday
May 2	Regional Holiday-Madrid
May 15	St. Isidro- Patron of Madrid
November 9	Our Lady of Almudena

In Barcelona:

April 2	Easter Monday
September 11	Regional Holiday - Catalonia
September 24	La Merce – Patron of Barcelona
December 26	St. Stephen's Day

The Embassy and Consulates also observe official U.S. holidays:

January 1	New Year's Day
January 15	Martin Luther King's Birthday
February 19	Presidents' Day
May 28	Memorial Day
July 4	Independence Day
September 3	Labor Day
October 8	Columbus Day
November 12	Veterans Day
November 22	Thanksgiving Day

December 25

Christmas Day

Consular Agencies may be closed for local or regional holidays. Please [contact the Agency directly](#) to schedule an appointment. A [full listing of official holidays](#) observed by the Embassy is available.

Work Week

Workdays next to Spanish holidays and vacation periods are not good times to schedule business meetings. Neither is the month of August nor the vacation periods around Christmas and Easter.

Business hours in Spain are generally 9:00 a.m. to 6:00 p.m. Monday through Friday. To ensure availability, appointments are recommended. Banking hours are 8:30 a.m. to 2:30 p.m. during the week, and sometimes Saturday morning. Department stores are generally open 10:00 a.m. to 8:00 p.m., Monday through Saturday. Many small shops and businesses close at lunchtime, generally from 2:00 p.m. to 4:00 p.m. but stay open until 8:00 p.m.

Spaniards are receptive to breakfast invitations starting not earlier than 8:00 a.m. A Spanish breakfast typically consists of juice, rolls and coffee. Lunch normally starts at 2:00 p.m. Spanish business lunches can last up to last two hours. Dinner starts late, i.e. around 9:30 p.m. and may last until midnight.

Climate and Clothing

Due to the differences among various regions, it could be said that Spain has a Mediterranean-continental climate. The weather in the northern coastal regions (bordering the Atlantic and the Bay of Biscay) is temperate and often rainy throughout the year, and temperatures are neither very low in winter nor very high in summer. The climate on the Mediterranean coastline, including the Balearic Islands, is typically Mediterranean -- mild in the winter, and hot and dry in the summer. The differences are more extreme on the inland plateau, where Madrid is located, and which is the highest in Europe. The climate is dry, with cold winters and hot summers. The Canary Islands have a climate of their own, with temperatures constantly around 20 degrees Celsius (68 degrees Fahrenheit) and little variation between summer and winter or day and night.

While Spanish women tend to dress down in the summer, men still wear suits and ties, particularly in the cities. Air conditioning is common in all major hotels and business establishments.

Tippling

Tips are not obligatory in Spain. A service charge is not included in restaurant bills; however, waiters in Spain (unlike in the United States) are paid at least the minimum official wage and do not rely to the same extent on tips for their income. Tips are customarily left for good service (normally up to five percent of the bill). Taxi drivers may be tipped by rounding up the payment to include up to five percent of the fare.

Temporary Entry of Materials or Personal Belongings

Laptop computers for personal/business use do not require any special documentation. Occasionally, the Customs service at Madrid's Barajas airport [tel. (34) 91- 393-7552] decides shipping a laptop constitutes as a temporary importation requiring the presentation of a warrant: a cash deposit or a statement from a

Spanish bank stating an import tax will be paid if the equipment is sold in Spain. Before leaving Spain, the equipment and necessary forms should be taken to the Customs Office at Barajas airport for reimbursement of the deposit.

Electrical Characteristics

Electric current in Spain is 220 volts AC, 50 cycles. Most U.S. electrical equipment and appliances need a transformer and plug adapter. Although laptops today are often dual voltage, it is advisable to verify this before plugging one in to Spanish current.

U.S. cell phones, unless they are tri-band and the U.S. wireless carrier works on the GSM standard, will not work in Spain or the rest of Europe. Additionally, the carrier plan should allow for international roaming. Phones, which work in the United States as well as in European countries, can be purchased at cell phone retail stores in the United States. Cell phone rental is also available in Spain, although some travelers find it cheaper to purchase a basic pay-as-you-go phone upon arrival and charge it with pre-paid phone cards as needed.

Travel Related Web Resources

- [U.S. Embassy Madrid](#)
- [U.S. Commercial Service Spain](#)
- [Spanish Embassy in the United States](#)
- [Tourist Office of Spain](#)
- [Commercial Service at the U.S. Mission to the European Union General E-mail](#)
- [Current directory of Commercial Service staff and locations worldwide](#)
- [State Department Visa Website](#)
- [Bureau of Consular Affairs Country Information](#)
- [Market Research Library](#)