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Spain

Your base for European expansion.

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Trade Commissioner of Spain

Texas EU Summit
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1. Spain Today

Spain is the world's 13th largest economy and the 5th largest economy in the EU: GDP worth 1.5 trillions USD

Spain has the 9th largest accumulated inward FDI stock and is the 11th largest investor in the world.

Spain is the world's 2nd largest investor in Latin America, (2nd only to the USA and 1st among European countries.

Spain has a powerful network of infrastructures, the world's 2nd largest high-speed railway network, placed among the world's top 10 countries with the best quality in the field.

1. Spain Today



- 3 out of every 5 flights world-wide are controlled using Spanish air navigation systems.
- Telefonica is one of the largest telecommunications companies in the world (by market capitalization and number of customers).
- Santander Bank is the 1st in the euro zone (by stock market capitalization) and BBVA now operates in 40 countries.
- IBERDROLA is the 4th largest utility company in the world (by market capitalization).
- In 2012, 6 of world's top 10 concession companies are Spanish and held 36% of the world's infrastructure concessions.
- The Al Shoula Group, a Spanish-Saudi consortium, will manage the high-speed train between La Mecca - Medina.
- The Panama Canal expansion project has been awarded to Spanish-led consortium

1. Spain Today

- **USA, UK, Germany, France and Italy Companies** are the largest investors in Spain.
- **Increasing interest of companies from Asia** (especially from China, India, Korea and Japan) **Latin America** (especially from Mexico and Brazil) and from **the Middle East Countries**.

Spain: Inward FDI by country Stock : EUR Millions

		Stock FDI	Stock % total
1	USA	80,739.29	21.4%
2	ITALY	47,854.61	12.7%
3	FRANCE	41,010.10	10.9%
4	UK	35,471.21	9.4%
5	GERMANY	27,943.74	7.4%
6	MEXICO	21,641.61	5.7%
7	NETHERLANDS	19,113.80	5.1%
8	SPAIN	18,016.92	4.8%
9	PORTUGAL	17,289.02	4.6%
10	LUXEMBURG	16,320.27	4.3%
	... TOTAL	376,901.73	100%

Source: Registro de Inversiones, 2013. Data Referred to 2010



1. Spain Today

- Over 12,800 foreign companies are currently located in Spain across all economic sectors
- 70 of the FORBES Top 100 companies have branches in Spain



2. Economic Policy and Reforms

Background and Outlook

- The uninterrupted economic expansion during the period 1993-2008 led to an intense process of convergence of Spanish per capita incomes with the average of the EU Member States.
- During this long period of sustained growth, the Spanish economy accumulated certain imbalances in terms of real state bubble, excessive private and financial sector debts, dual labor market, and large current account deficits.
- Such imbalances are in the path of being corrected by the structural reforms implemented in 2012.

The Government's economic policy response is based on these pillars:



2. Economic Policy and Reforms

Low labor costs

Labour market reform

Facilities for the market

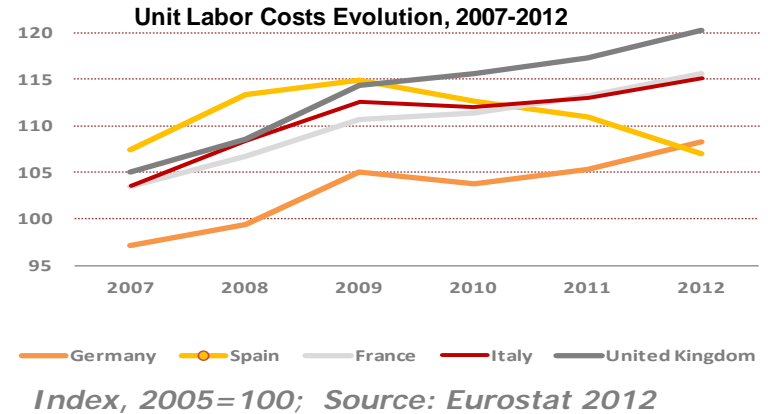
Draft bill of market unit warranty

Government payment terms

Funding mechanism for payment to providers of the regional's governments

Resident and work permits

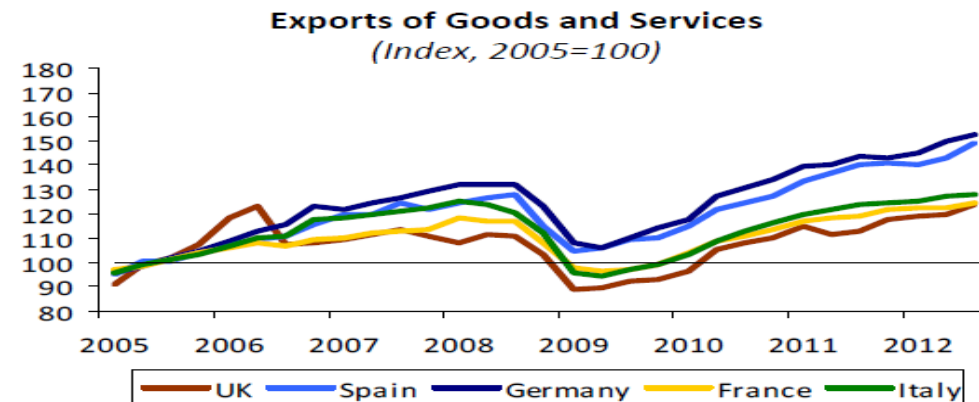
Law on foreigners and flexible application to U.S. investors



2. Economic Policy and Reforms

The first results

- For the first time in 14 years, the Spanish economy needs no external financing. In the third quarter of 2012, Spain achieved a current account and capital surplus totaling 2.88 billion €. In 2008 – four years ago—our foreign deficit was 10%.
- During 2012, Spain's productivity/cost ratio became the second-best in the entire EU. Labor costs in Spain have been reduced by 3%, and the product/employee ratio has risen another 3%.
- Rapid expansion of the external sector:
 - ✓ Wage moderation has resulted in a competitiveness based expansion of exports during the last three years.
 - ✓ Surplus trade balances in non-energy goods with the EU and Euro Area.
 - ✓ Geographical diversification of exports of goods: 60% of exports to the EU in 2012 vs. 68% in 2009.



Source: [Eurostat](#).

3. Investing in Spain

What are American companies profiting from?

1. GEOSTRATEGIC LOCATION

- Privileged position for southern Europe's key markets, Latin America and North Africa



2. ACCESS TO 1.2 BILLION CONSUMERS

- 47 million consumers in Spain
- Free access to the world's largest market. More than 500 million consumers in Europe
- Entry point for non-EU Mediterranean countries with 264 million consumers
- Hub for South and Central America, with 560 million consumers
- Financial protocols with North Africa and Latin America.



3. Investing in Spain

What are American companies profiting from?

3. ULTRA MODERN TRANSPORT INFRASTRUCTURE

- Spain has the largest EU highway network with 14,689 km (9131 miles)
- Spain has the 2nd largest worldwide high speed network and is the European Leader with 2665 km
- 80 Technology parks, hosting over 5,115 companies
- 46 ports on both the Atlantic and Mediterranean coasts
- 47 airports

4. ECONOMIC CRITERIA: COMPETITIVE OPERATING COSTS

- Labour costs more competitive than main European economies.
- Favourable tax rate on corporate income (30% and 25% for SMEs), below USA and OECD average.
- Favourable fiscal system for foreign investors and R+D activities: The 2nd most favourable fiscal incentives for R&D among OECD countries for large companies and SMEs

3. Investing in Spain

What are American companies profiting from?

5. HUMAN CAPITAL

- Highly skilled labor force: Spain ranks 4rd in Europe in ratio of number of people with a scientific/technical tertiary education, just behind Finland and Denmark
- Spain has 3 of the top 20 Business School in the world

6. QUALITY OF LIFE

- Friendly environment from Expats: Spain is the first country in Europe in terms of quality life from Expats. (Financial Times, February 19, 2007)
- Barcelona and Madrid are among Top-10 European cities for doing business (European Cities Monitor 2010)
- 160 international schools in Spain, including 87 British Schools, 22 French Schools and and 17 German Schools, among others.

3. Investing in Spain

TOP SECTORS TO INVEST IN SPAIN

- Information and Communications Technology
- Renewable Energy
- Biotechnology
- Aerospace
- Automotive
- Logistics and Transport
- Environment, water treatment and desalination

4. Success Stories



- IBM was set up in Spain in 1926. Today, the Spanish subsidiaries have 7,200 employees.
- IBM Spain coordinates the activities of IBM in Portugal, Greece e Israel.
- Projects developed in Spain:
 - **Centre of excellence** in Barcelona to develop solutions for financial entities health sector.
 - **INSA**, an IBM branch, has set up two centers (Caceres and Salamanca) for software development s to be applied worldwide.
 - **MareNostrum**, supercomputer installed in the Barcelona Supercomputing Centre in collaboration with the University of Catalonia.
 - **Technology Expert Council (TEC)**, which integrates the best talents of IBM in Spain to enhance the leadership of the company and develop its technical knowledge.

4. Success Stories

BOEING has developed important R&D Centers in Spain:



- First Boeing R&D center outside the USA
- Main areas: safety, ATM and environmental technologies
- April 2008: first flight of an airplane powered by hydrogen fuel cells – Ocaña (Madrid)

According to Boeing:

*“The reason for choosing Spain was the **outstanding role** of the country in the **EU** and as a reference point with the **Latin American** countries.*

*It also shows the **relevant position** that the Spanish Aerospace industry has acquired in the last few years and the capabilities of the country in **environmental** and **ATM** technologies”*

Source: www.boeing.es

4. Success Stories



- DHL Spain is the key input platform throughout the DHL network to Latin American markets. [Invest in Spain, May 2011](#).
- TNT International Operations Center Madrid - Barajas (Spain) became hub for South America in 2002. Today, shipments to and from fifteen South American countries are handled from Barajas Hub and to its whole network. [Web](#).
- Total Terminal International Algeciras (TTIA) part of the South Korean Hanjin Shipping group builds its first container terminal semi-automatic of the Mediterranean and Southern Europe, [News July 2010](#).

5. Conclusion

- Although struck by the crisis, Spain is a solid economy, showing signs of future recovery. The combination of (i) structural reforms, (ii) the correction of economic imbalances will sustain a growth path in the future.
- Spanish investments in the US have continued an upward trend. Spanish firms in Spain and in the U.S. are eager to work with local businesses in a wide array of sectors and projects.
- Important concentration of Spanish companies investing in renewable energy, finance, infrastructure, construction projects.
- Opportunities for trade and investments with Spanish companies in a wide array of sectors in the US and in Spain.
- Spanish firms in Spain and in the U.S. are eager to work with local businesses in a wide array of sectors and projects.
- Opportunities for American firms interested in doing business in Spain.

Thank You!



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