

Legends Consulting Country Fact Sheet



SPAIN

CURRENCY: EURO

Introduction

Like most European countries, the business environment in Spain is a complex mixture of modern and traditional business structures and cultures. In large Spanish cities small family-run “empresas” exist beside multi-national skyscrapers, where many internationally-educated business professionals stake their claim in the ever-changing economic environment. Due to post-Franco era business restructuring and tighter budgets since the 2008 recession, the government is scaling back its operations in the business sector, leaving space for private and foreign investors.

Business

In Spain, the business hierarchy rules. Executives compete at length for their positions and receive a great deal of respect once they arrive there. The important thing is to show the individual person respect, rather than discuss the hierarchy itself. It is the character of the person that allowed them to move through the structure, not the actual structure itself. Failure by foreigners to show respect to the people at the top of the hierarchy may severely hinder business relations.

In fact, the management style in Spain is rooted in the characteristics and actions of its individual managers. Spanish managers reserve the right to have the last say in topics. While debate is necessary and welcomed, foreigners should be careful to assert that they are aware of the manager’s ultimate ability to make the last call in any transaction.

Projects will be run in a very detailed and task-oriented manner; deadlines and business in general is taken seriously. Be prepared for a level of micro-management that is uncommon in Western states. However, the Spanish style of speaking their mind forcefully may be perceived by foreigners as emotional. This is merely a cultural miscommunication. Interestingly, while Spanish business is detail and task-oriented, meetings are often unlikely to run along agenda lines and rather follow the train of thought of managers in attendance. Being creative and expressive in business meetings is an important aspect of the culture. While business is serious, the Spanish view life as something to be enjoyed, so displaying a sense of humor and personality aids most situations there.

Tread carefully in sharing information on business dealings and do not be surprised if some information was left unknown to you. Spanish business people are careful to conduct business on a “need-to-know” basis and place more value in verbal exchanges than written ones.

Travel

There are many enjoyable, efficient and cost-friendly ways to travel overland in Spain. The train system is an efficient way for moving amongst Spanish cities as well as to neighboring countries, such as the Eurostar service to Paris. Train services offer



television, internet service, and food. Avoid buying tickets through booking agencies, as they charge a commission; arrive early to buy them directly from the rail line instead. Trains generally run on time in the big cities, but expect delays in areas outside urban zones.

It is also possible to fly to different destinations within the country. The most popular and cost-efficient airline is Spanair, although Iberia and Air Europa are other options. Flights between cities are frequent but can be costly, especially at peak times of the year.

The best way to travel throughout Spain while witnessing the beautiful countryside is by car, which is a reasonably-priced option. Local companies are usually cheaper, though potentially less dependable, than major rental chains. Traffic in urban areas does present major delays, as do narrow and unkempt roads in more rural locales. To foreigners, driving in Spanish cities can seem a near-impossible task, so hiring a driving for short jaunts between urban locations may be a good investment.

There is an efficient Metro system in the city of Madrid and buses systems throughout the country.

Demographics

Several ethnic groups converge in Spain: the Nordic, Mediterranean and Moorish are the most notable in culture, politics and society. Although Spanish is the official language, it is only spoken by about ¾ of the population, while Catalan, Galician, and Basque languages (and their variations) are also spoken in their respective regions. Spain is a majorly Catholic country, although it still houses a considerable Islamic population.

Madrid is the most densely populated city and the only heavily populated area not located on the coastal regions. Due to its inclusion in the EU and subsequent freedom of movement between many European nations, Spain has experience a surge in migration to the country. Opportunities in services by and for foreign nationals are an emerging sector of the Spanish economy.

Views toward foreigners

The rise in immigration to the country parallel to the struggles of the government to mitigate its economic issues has caused a considerable increase in hostility towards foreigners. Those migrants of Romanian and African descent often suffer from such hostility, and major issues in violence against Romanian nomads have resulted in government intervention.

Economic Overview and selected data

(The information below is taken directly from the CIA World Factbook: www.cia.gov/library/publications/the-world-factbook/)

Spain's mixed capitalist economy is the 13th largest in the world, and its per capita income roughly matches that of Germany and France. However, after almost 15 years of above average GDP growth, the Spanish economy began to slow in late 2007 and entered into a recession in the second quarter of 2008. GDP contracted by 3.7% in 2009, ending a 16-year growth trend, and by another 0.2% in 2010, making Spain the last major economy to emerge from the global recession. The reversal in Spain's economic growth reflected a significant decline in construction amid an oversupply of housing and falling consumer spending, while exports actually have begun to grow. Government efforts to boost the economy through stimulus spending, extended unemployment benefits, and loan guarantees did not prevent a sharp rise in the unemployment rate, which rose from a low of about 8% in 2007 to 20% in 2010. The government budget deficit worsened from 3.8% of GDP in 2008 to 9.2% of GDP in 2010, more than three times the euro-zone limit. Spain's large budget deficit and poor economic growth prospects have made it vulnerable to financial contagion from other highly-indebted euro zone members despite the government's efforts to cut spending, privatize industries, and boost competitiveness through labor market reforms. Spanish banks' high exposure to the collapsed domestic construction and real estate market also poses a continued risk for the sector. The government oversaw a restructuring of the savings bank sector in 2010, and provided some \$15 billion in capital to various institutions. Investors remain concerned that Madrid may need to bail out more troubled banks. The Bank of Spain, however, is seeking to boost confidence in the financial sector by pressuring banks to come clean about their losses and consolidate into stronger groups.

Selected Statistical Data - Spain

GDP Purchasing Power Parity- \$1.369 trillion (2010 est.) – Country comparison to the world: 14

GDP per capita - \$29.400 (2010 est.) – Country comparison to the world: 48

Labor Force – 23.09 million (2010 est.)

Unemployment rate- 20.1% (2010 est.) – Country comparison to the world: 167

Inflation rate (consumer prices) - 2% (2010 est.) – Country comparison to the world: 63

Agricultural products - grain, vegetables, olives, wine grapes, sugar beets, citrus; beef, pork, poultry, dairy products; fish

Industries - textiles and apparel, food and beverages, metals and metal manufacturers, chemicals, shipbuilding, automobiles, machine tools, tourism, clay and refractory products, footwear, pharmaceuticals, medical equipment

Exports- \$253 billion (2010 est.) – Country comparison to the world: 19

Exports, commodities - machinery, motor vehicles; foodstuffs, pharmaceuticals, medicines, other consumer goods

Exports, partners – France 18.7%, Germany 10.7%, Portugal 9.1%, Italy 9%, UK 6.3% (2010)

Imports- \$315.3 billion (2010 est.) – Country comparison to the world: 14

Imports, commodities - machinery and equipment, fuels, chemicals, semifinished goods, foodstuffs, consumer goods, measuring and medical control instruments

Imports partners - Germany 12.6%, France 11.5%, Italy 7.3%, China 6.8%, Netherlands 5.6%, UK 4.9%

Chief of State- King JUAN CARLOS I (since 22 November 1975); Heir Apparent Prince FELIPE, son of the monarch, born 30 January 1968

Head of Government- Prime Minister Mariano Rajoy BREY (since 20 December 2011)

Area - Comparative: slightly more than twice the size of Oregon

Coastline – 1917.8 km

Natural Resources - coal, lignite, iron ore, copper, lead, zinc, uranium, tungsten, mercury, pyrites, magnesite, fluorspar, gypsum, sepiolite, kaolin, potash, hydropower, arable land

Population – 46,754,784 (July 2011 est.) country comparison to the world: 27

Median Age – 40.5 years

Urbanization - urban population: 77% of total population (2010)

Major Cities – population – MADRID (Capital) 5.762 million; Barcelona 5.029 million; Valencia 812,000 (2009)

Ethnic Groups – composite of Mediterranean and Nordic types

Religions - Roman Catholic 94% other 6%

Literacy - definition: age 15 and over can read and write total population: 97.9%

Government Type – Parliamentary monarchy

Not listed above

GDP Real Growth rate- -.1%

Labor force by occupation- agriculture 4.2%, industry 24%, services 71.7%

Public debt- 60.1%

Commercial bank prime lending rate- 7.223%

Market value of publicly traded shares- \$1.172 trillion

Industrial production growth rate- .8%

External debt- \$2.57 trillion

Stock of direct foreign investment at home- \$660.2 billion

Exchange rate- .755 euros per US dollar (2010)

This Country Fact Sheet is designed to provide a very general overview and a broad perspective on the country as a whole. This paper is purposed as a starting point for those interested in doing business in or with the county described. More in-depth information for specific commercial and business utilization is available to our clients and/or on request.

For more complete information or for specific questions please contact us at: inquiry@legendsconsulting.net.

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