Doing Business in Spain:

2014 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in Spain

Market Overview

Market Overview *Return to top*

- The Government of Spain remains committed to implementing sweeping structural reforms to bring the country out of the economic crisis that began in the second half of 2008. Since its majority win in the general elections of November 2011, the ruling Popular Party has focused on implementing a series of measures with a view to reducing the deficit, re-structuring the financial sector and reforming the labor market. Despite the economic challenges facing the country, Spain continues to be a significant market for US companies. With a GDP of USD1.36 trillion and a population of 46.73 million people in 2013, Spain is the fifth largest economy in the EU and was the 15th largest importer in the world in 2012.

- After 15 years of solid GDP growth that made it the world's ninth largest economy, Spain entered into a recession in the second quarter of 2008, from which it emerged in the third quarter of 2013. In 2013, unemployment reached 25.7 percent, depressing consumption and contributing to negative 1.2 percent GDP growth. GDP is forecast to grow 1.5 percent in 2014 and 1.8 percent in 2015. As of the end of 2013, inflation was at 1.3 percent.

- Spain and the United States enjoy a long-standing political and commercial relationship. Spain has traditionally represented a significant export market. According to the U.S. Department of Commerce, U.S. exports of goods to Spain in 2013 amounted to USD 10.2 billion. Spanish exports to the U.S. decreased in 2013 to USD 11.7 billion down from USD 11.8 billion in 2012. Services exports from the U.S. to Spain continue to be strong. 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.

- As a member country of the European Union (EU), Spain adheres to EU legislation, as is the case of all member countries. For more specific aspects of the EU market, structure, policies, legislation, barriers, trade disputes, agreements, etc., please consult http://www.buyusa.gov/europeanunion/market_research.html

- Investment plays a key role in the bilateral economic relationship – the U.S. is among the largest investors in Spain.

- The estimated 350 U.S. firms in Spain employ over 163,000 people. These companies represent approximately 7 percent of the GDP. Most of the large U.S. names are present. Many of these companies are in the industrial sector – automobiles, chemical factories, pharmaceutical, industrial machinery, etc. The presence of large well-known foreign names serves as a catalyst for innumerable local providers and, in almost all cases, increases exports. Over 50 percent of Spanish exports are made by foreign multinationals located in Spain.

- Gross FDI inflows into Spain decreased in 2013, and the United States was the sixth main investor (1.3 billion euros), coming after the Netherlands (2.24 billion euros), the U.K. (1.86 billion euros), France (1.78 billion euros), and Germany (1.36 billion euros). This figure represents a decline of 43.0 percent over the previous year. U.S. investors hold significant portfolio investment in shares of some of Spain's largest companies.

- Spain has also been investing abroad and is currently the ninth most important source of FDI into the United States, accounting for approximately 7.4 percent of Spanish outbound investment. Spain is also within the top 20 fastest growing sources of FDI (18th) with a compound annual growth rate of 11 percent between 2008 and 2012. Much of the investment has taken place in the past seven years, going from USD 14 billion in 2006 to USD 52 billion in 2013. U.S. subsidiaries of Spanish firms contributed $133 million worth of R&D in the United States in 2011. Subsidiaries of Spanish-owned firms employed 81,400 people in the United States as of 2011, the latest year for which employment data is available.

- Major Spanish firms in the telecommunications, banking, infrastructure and energy sectors have become global leaders. Procurement decisions for these companies continue to be made within Spain. One of the largest banks in the world by stock market value and the largest in the Euro zone, Europe's second largest phone company, and seven of the world's ten largest construction companies, all have their headquarters in Spain.

- Spain is a global leader in auto equipment and parts: the sixth largest in the world by turnover and the third largest in Europe. It also ranks second in terms of total vehicle production and is the twelfth largest in the world.

- Spain is the world´s fourth largest tourist destination, receiving 60.7 million foreign visitors in 2013. The country ranks second in terms of receipts, following the United States. In terms of outbound travel, Spain offers excellent potential as a source of visitors to the United States. It currently ranks as the world´s 16th largest market for outbound travel to the United States, and the fifth largest in Europe.

- With 1,864 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 23 cities, making it the city with the most connections in Europe.

- Wind energy is the third most important source of electrical generation in Spain after gas and nuclear. In 2013, it covered 21.1 percent of the electrical demand in the country. Spain is the fourth country in the world in terms of installed wind power after the US, Germany and China. Installed wind capacity in Spain was 22,900 MW by the end of 2013. Over 30,000 people work in the sector. Spain is the world's fifth largest wind technology exporter after Germany, China, Denmark, and the United States. The industry exports technology worth over EUR 2.4 billion (USD 3 billion) per year.

- Spanish energy companies continued to invest heavily in the United States. The cutting-edge technology of major Spanish multinationals such as Abengoa, Gamesa, ACS, and Iberdrola has allowed them to successfully undertake multiple renewable energy projects in numerous states (Abengoa currently has the world's largest CSP solar plant in Arizona). 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 majority of the leading Spanish construction firms have acquired well-established U.S. firms to facilitate their expansion. The success of the larger Spanish multinationals is gradually attracting the interest of their service providers.

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- The exchange rate of the dollar versus the euro is advantageous for U.S. exporters. Nevertheless, U.S. suppliers will continue to face competition from EU countries as well as from Asia.

- 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. The EU revised legislation in 2010 to shorten payment delays. Spain enacted this legislation in July of the same year. Nonetheless, delays in reimbursement continue to represent a major problem, particularly in the public sector.

- The economic downturn has resulted in some companies' reluctance to commit to purchase or represent new products or services. 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.

- Labor reform. Major reforms were undertaken in 2012, and a new wave of economic reforms was announced on April 26, 2013 on the heels of news that unemployment had increased in Q1 of 2013 to more than 27 percent. These reforms have made Spain much more competitive in comparison to labor costs in other European countries.

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- Chemicals were the principal U.S. export to Spain in 2013, accounting for 31.8 percent of total exports, followed by agricultural products (13.3 percent), transportation equipment (11.33 percent), and petroleum and coal products (7.25 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, engineering services, and industrial machinery.

- 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, appointments schedules, and organizing company promotional events.

- Due to the macroeconomic reforms in the financial sector and labor laws, costs have dropped 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 & Caribbean market – 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 direct investment into the United States on a national level. CS Madrid developed an online program, *ServiceSolutionsUSA*, specifically tailored to promote U.S. based service providers to potential Spanish investors. Additional information is available at: http://www.buyusa.gov/spain/servicesolutionsusa/index.asp

- Industrial production is playing an increasingly important role in the Spanish economy (15.93 percent), while indicators show that the service sector declined in 2013 and now accounts for 65.78 percent of economic activity. Construction accounts for 7.16 percent and agriculture accounts for 2.35 percent.

- With the lack of credit in the Spanish market, ExIm Bank can now play a more active role in financing exports of US products and services by financing Spanish buyers through loan guarantees. This tool is an attractive alternative to Spanish companies that are struggling with the current liquidity constraints.

- Principal agricultural exports to Spain from the U.S. in 2013 included tree nuts, soybeans and products, seafood products, biodiesel, distilled spirits, wheat and pulses,

- Spain's food, beverage and agricultural processing sectors have fared well in recent years despite the economic crisis, supported in part by increased exports. U.S. exports of ingredients and raw materials have great prospects in this environment.

  Principal Growth Sectors:

  Seafood
  Tree Nuts
  Consumer-oriented Products
  Food ingredients
  Specialty Foods

- On February 15, 2012, the United States and the European Union announced that beginning June 1, 2012, 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. See Chapter 4 for more details on the sectors indicated above.

Market Entry Strategy *Return to top*

- 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. However, 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 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 three 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.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

http://www.state.gov/r/pa/ei/bgn/2878.htm

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Chapter 3: Selling U.S. Products and Services

Using an Agent or Distributor

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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 select 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.

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. Please refer to the report prepared by our office in Brussels for details.

For further information on agent or distributor agreements:
http://www.investinspain.org/invest/en/resources/publications-reports-presentations/doing-business-in-spain/4268480.html

Establishing an Office

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There are two options for businesses looking to establish 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 80,000 minimum versus EUR 3,000/USD 4,000);

  The number of founding members (three versus two);

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

- The following steps need to be followed in order to legally ***establish a branch***:

  Register company name: To ensure that the name of the future company is not already registered. 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: The company must be registered 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.

Further information on the service and the different areas where the service is available at the following links: http://www.ventanillaempresarial.org

The website *Invest in Spain,* developed by the Spanish Ministry of Economy and Competitiveness, has specific chapters devoted to "Establishing a business in Spain" and "Company and Commercial Law". The links below provide information in English on how to open a business, or on establishing an office in Spain.

Invest in Spain >> Setting up a business:
http://www.investinspain.org/invest/en/index.html

Institute of Small and Medium Sized Companies: www.ipyme.org

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The franchise sector continues to hold its own despite the current economic crisis. Spanish franchisors account for approximately 80 percent of franchise systems. According to the Spanish Franchise Association, the main foreign chains come from France (44), U.S. (36), Italy (33), Germany (10), Portugal (10) and the United Kingdom (9). The number of franchise systems in 2013 is estimated at 1,087 in 2013. Sales for the same year are reported at approximately USD 33.2 billion (EUR 25.8 billion), down slightly from USD 33.3 billion in 2012. A four percent growth is estimated for 2014.

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 20 days prior to signing a franchising contract, 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.

Direct Marketing *Return to top*

E-commerce continues to gain ground in the Spanish market. Transactions increased by almost 16 percent to USD 11 billion in 2013.

Direct marketing in general continues to be an important promotional activity in Spain despite the steady progress of e-commerce and the current economic constraints. Direct marketing increased by 1 percent to Euro1.9 billion (USD 2.5 billion) in 2013. Mobile marketing continued the downward trend of the previous year with a decrease of 17.2 percent to Euro 25 million (USD 33 million), while telemarketing increased slightly (2 percent) to Euro 1.2 billion (USD 1.56 billion).

Spain follows EU legislation regarding the direct marketing sector. A few areas of this sector are more strictly regulated than in the United States. For example, Spanish regulations require companies to provide full and transparent information to consumers prior to purchase, as well as on the procedures followed to collect and use customer data.

Trust is an important competitive factor in this market. Direct-marketing firms that are members of the Spanish E-Commerce and Direct Marketing Association (Asociación Española de la Economía Digital) tend to encourage a greater amount of consumer confidence. The association requires members to follow a number of ethical codes, including a code of self-regulatory rules for electronic advertising.

In addition to EU legislation, the Spanish data protection law, known as LORTAD, Covers the misuse of personal data in Spain.

There is a wide range of EU legislation that affects the direct marketing sector. Compliance requirements are stiffest for marketing and sales to private consumers. The provisions of this Directive apply to contracts concluded after June 13, 2014, and will replace current EU rules on distance selling to consumers and doorstep selling along with unfair contract terms and consumer goods and associated guarantees. The Directive contains provisions on core information to be provided by traders prior to the conclusion of consumer contracts, regulates the right of withdrawal, 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”. These directives cover important areas of Distance Selling to Consumers, Doorstep Selling, Financial Services, and E-Commerce

In 2013, the EU adopted rules on Alternative Dispute Resolution which provide consumers 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. A specific Online Dispute Resolution Regulation will set up an EU-wide online platform to handle consumer disputes that arise from online transactions. The platform will be operational at the end of 2015.

Key Links: *Consumer Affairs Homepage:* http://ec.europa.eu/consumers/index_en.htm

Consumer Rights: http://ec.europa.eu/justice/consumer-marketing/rights-contracts/directive/index_en.htm

Distance Selling of Financial Services

Financial services are the subject of a separate directive that came into force in June of 2002 (2002/65/EC). This directive was designed to ensure that consumers are appropriately protected with respect to financial transactions taking place where the 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.
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT

More details on EU legislation available at: http://export.gov/mrktresearch/index.asp

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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 a great deal of freedom 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.

More details on intellectual property rights legislation in Spain, including sections on trademarks and industrial designs, are available at:
http://www.interes.org/FicherosEstaticos/auto/0806/6%20Intellectual%20property%20law_18516_.pdf

U.S. companies can also enter the Spanish market through joint ventures. A description of joint ventures under the European Treaty can be found at:
http://www.concurrences.com/IMG/pdf/U.K.pdf

Selling to the Government *Return to top*

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 2007 Law of Contracts of the Public Sector, Law 30/2007 of October 30 (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: the Mayor or any other formally designated official
- State-owned companies: the Chief Executive Officer

The procedure to bid 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 Service
2558 Massachusetts Ave. NW
Washington, DC 20008-2865
Tel: (202) 265-8600;
Fax: (202) 265-9478
http://www.maec.es/subwebs/Embajadas/Washington/es/home/Paginas/Home.aspx

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 U.S. Commercial Service at the U.S. Mission to the European Union website dedicated to EU public procurement.

Key Link:
http://export.gov/europeanunion/grantstendersandfinancing/eu-fundedprogramsgrants/index.asp

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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 www.investinspain.org includes details on each Spanish region, including main sectors of opportunity and investment incentives.

Price is a very important factor in the Spanish as well 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, a favorable dollar-euro exchange rate and possible lower production costs keep U.S. companies competitive with EU exports.

Due to current liquidity constraints for Spanish companies, Ex-Im Bank can now play a more active role in financing exports of U.S. products and services by financing Spanish buyers through loan guarantees.

Selling Factors/Techniques *Return to top*

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 with a U.S. supplier, 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. (See Direct Marketing section.) Selling techniques, taking into consideration local tastes, are very similar to those in the rest of the Western world.

Electronic Commerce

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As indicated in Direct Marketing above, e-commerce continues to gain ground in the Spanish market, but it is not as widely used as in the United States. Statistics for 2013 show the volume of transactions had increased to USD 11 billion.

Value Added Tax (VAT) is applied to sales by non-EU based companies of Electronically Supplied Services (ESS) to EU based non-business customers. U.S. companies subject to the rule must collect and submit VAT to EU tax authorities. European Council Directive 2002/38/EC further developed the EU rules for charging Value Added Tax.

The U.S. businesses most affected are those that are U.S. based and selling ESS to EU based, non-business customers or those businesses that are EU based and selling ESS to customers outside the EU who no longer need to charge VAT on these transactions. There are a number of compliance options for businesses.

The Directive allows companies to register with a single VAT authority of their choice. Companies have to charge different rates of VAT according to where their customers are located, but VAT reports and returns are submitted to just one authority. The VAT authority responsible for providing the single point of registration service is then responsible for reallocating the collected revenue among the other EU VAT authorities.

Key Link: http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm

Trade Promotion and Advertising *Return to top*

Trade Promotion

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 at http://export.gov/spain/ to learn more about our services, or contact our office at Madrid.Office.Box@trade.gov

Commercial Service Madrid has an agreement with IFEMA, Madrid's Trade Fair Authority, to assist US firms participate in IFEMA scheduled events by providing advance information. IFEMA has the largest show grounds in Spain, organizing 80 shows and 500 congresses, conventions and other events in 2013. Over 2.6 million visitors attended these activities. CS Madrid has an office on the IFEMA fairgrounds that can be used free of charge for meetings by U.S. firms exhibiting, visiting or attending IFEMA shows. Additional information on IFEMA and its calendar of events is available at the following link: www.ifema.es

CS Spain also has close relationships with other important trade fair authorities, i.e. in Barcelona, Valencia and Bilbao.

The News Media

Spain has more newspapers and magazines per capita than any other European country. However, only 34.9 percent of Spaniards read the newspaper every day, a number that has been steadily decreasing for the past six 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 - generally regarded as the nation's paper of record
- El Mundo
- ABC
- La Razón
- La Vanguardia
- El Periódico

More than 140 different dailies (mainly local or regional) plus ten supplements are published in Spain. Sports daily newspaper Marca rates as the most popular (readership 2,870,000). Free newspapers, such as 20 Minutos (1.6 million), are published from Monday to Friday and briefly dominated traditional newspapers in readership. Only 20 Minutos survives as a paper edition while competitors Metro and Que! have closed, asphyxiated by economic woes over the past four years. The economic crisis that started in 2008 has decimated the newspaper business. All major mastheads have been posting record losses because advertising has fallen at a yearly rate of 20 percent. Shrinking advertising revenue is a bad sign for the health of the rest of the sector and a signal for further media closures or mergers by the surviving outlets.

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 (89.5 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, Cuatro TV, and La Sexta (in order of audience). A merger between Telecinco and Cuatro was finalized in December 2010; both stations will remain on the air, but Cuatro's cable counterpart, 24-hour news channel CNN+, ceased broadcasting in December 2010. A second merger took place in 2011 between Antena3 and La Sexta in response to the latter's dire financial situation.

In March 2010, the "analog blackout" took effect in Spain; all TV channels must now broadcast through TDT (digital technology). This, in turn, has opened the doors to the arrival of new channels in Spain (e.g. Intereconomia TV*,* and 13 TV to name a few).

About 61 percent of Spaniards listen to radio every day for almost two hours, mostly to FM, 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:

- SER, is the leading Spanish radio station with an average audience of 4.5 million listeners
- Onda Cero, has near to 2.3 million listeners.
- COPE. At the end of 2012, COPE reached an association agreement with ABC Punto Radio, owned by GrupoVocento, to hire its broadcast pylons for 15 years. Punto Radio became, this way, the first radio station to close because of the crisis. According to EGM, Cope had an audience of 1.7 million listeners (this data does not include audience after the merge).

Government-owned station:

- RNE, 1.5 million listeners.

Privately owned wire news service:

- Agencia EFE

Government-owned wire news services:

- Europa Press
- Colpisa
- Servimedia

Internet penetration in Spain is 48.6 percent; 52 percent of Spanish internet users read their news online.

The U.S. Embassy's Public Diplomacy (PD) section maintains active relations with a broad 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.
http://madrid.usembassy.gov/about-us/public-affairs.html

Advertising

General Legislation

The EU adopted Directive 2005/29/EC concerning fair business practices in a further attempt to tighten up consumer protection rules.

Key Links:
http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm
http://ec.europa.eu/avpolicy/reg/avms/index_en.htm

Spain follows EU regulations in matters relating to unfair competition and advertising. Legislation (Art. 29/2009) was introduced in Spain in early 2010 to enhance consumer and user protection in this area. Specifically, the laws affected by Act 29/2009 are the (1) Unfair Competition Act 3/1991, (2) General Advertising Act 34/1988, (3) Retail Trade Act 7/1996, and (4) Consumer and User Protection Act 1/2007 and supplementary laws.

The *audiovisual* law passed by the Spanish Congress in 2010 limits the amount of advertising on Spanish television to 19 minutes per hour. Conventional ads are limited to 12 minutes, self-promotion to five, and tele-promotion to two.

The EU Audiovisual Media Services Directive lifted the three-hour/day maximum for U.S.-style product placement on television in 2009, but the 12-minute/hour maximum remains. Limitations on junk food advertising are in effect during children's programming.

Fair Business Practices

EU Directive 2005/29/EC prohibits several aggressive or deceptive marketing practices. These include pyramid schemes, "liquidation sales" when a shop is not closing down, and artificially high prices as the basis for discounts in addition to other potentially misleading advertising practices. There are also certain rules on advertising to children.

http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm
http://ec.europa.eu/avpolicy/reg/avms/index_en.htm

Product Specifications

Product specifications, as laid down in advertising, are now considered legally binding on the seller. (See the legal warranties and after-sales service section below).

Medicine

The advertising of medicinal products is forbidden if market authorization has not yet been granted or if the product in question is a prescription drug. The advertising of medicinal products for human use is regulated by Council Directive 2001/83/EC, as amended by Directive 2004/27/EC.

- Mentioning therapeutic indications where self-medication is not suitable is not permitted. Free samples to the public are not allowed.

- The text of the advertisement should be compatible with the characteristics listed on the product label, and should encourage rational use of the product.

- The advertising of medicinal products destined for professionals should contain essential characteristics of the product as well as its classification.

- Inducements to prescribe or supply a particular medicinal product are prohibited and the supply of free samples is restricted.

In 2008, the Commission presented a new framework for medicine information to patients, which would allow industry to produce non-promotional information about their medicines. For more information:
http://ec.europa.eu/health/human-use/information-to-patient/index_en.htm

Nutrition & Health Claims

On July 1, 2007, a regulation on nutrition and health claims entered into force. Regulation 1924/2006 sets EU-wide conditions for the use of nutrition claims such as “low fat” or “high in vitamin C” and health claims such as “helps lower cholesterol”. The regulation applies to any food or drink product produced for human consumption that is marketed in the EU. Only foods that fit a certain nutrient profile (below certain salt, sugar and/or fat levels) are allowed to carry claims. Nutrition and health claims are only allowed on food labels if they are included in one of the EU positive lists. Food products carrying claims must comply with the provisions of nutritional labeling Directive 90/496/EC and its amended version Directive 1169/2011.

In December 2012, a list of approved functional health claims went into effect. The list includes generic claims for substances other than botanicals, which will be evaluated at a later date. Disease risk reduction claims and claims referring to the health and development of children require an authorization on a case-by-case basis, following the submission of a scientific dossier to the European Food Safety Authority (EFSA). Health claims based on new scientific data will have to be submitted to EFSA for evaluation but a simplified authorization procedure has been established.

Interestingly, **nutrition claims** can fail one criterion, i.e. if only one nutrient (salt, sugar or fat) exceeds the limit of the profile, a claim can still be made provided the high level of that particular nutrient is clearly marked on the label. For example, yoghurt can make a low fat claim even if it has high sugar content but only if the label clearly states “high sugar content”. An EU Register of nutrition claims has been established and is updated regularly. **Health claims** *cannot* fail any criteria.

A simplified document for companies applying for health claim authorizations can be downloaded from EFSA's website at:
http://www.efsa.europa.eu/EFSA/ScientificPanels/NDA/efsa_locale-1178620753812_1178684448831.htm

Food Information to Consumers

In 2011, the EU adopted a new regulation on the provision of food information to consumers (1169/2011).

The new EU labeling requirements will apply from December 13, 2014, except for the mandatory nutrition declaration that will apply from December 13, 2016.

Key link: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:304:0018:0063:EN:PDF

Food Supplements

The list of vitamins and minerals that may be added to foods was revised in November 2009. A full list of substances other than vitamins and minerals has not yet been established; until then, member state laws will govern the use of these substances.
http://ec.europa.eu/food/food/labellingnutrition/supplements/index_en.htm

Tobacco

The EU Tobacco Advertising Directive bans tobacco advertising in printed media, radio, and internet as well as the sponsorship of cross-border events or activities. Advertising in cinemas and on billboards or merchandising is allowed, though these are banned in many member states. Tobacco advertising on television has been banned in the EU since the early 1990s and is governed by the TV without Frontiers Directive.
http://ec.europa.eu/health/tobacco/law/advertising/index_en.htm

Pricing

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Pricing practices in Spain are similar to those of the United States, although markups tend to be slightly higher, and there is greater transparency in agent and distributor commissions in Europe as compared to the U.S.

Products and services in Spain are subject to Value Added Tax (VAT, or IVA in Spanish). In September 2012, the government increased both the standard VAT and the "reduced-rate" VAT as a measure to combat the budget deficit.

- Presently, VAT is 21 percent
- A reduced rate VAT of 10 percent is applied to goods and services
- 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 Spanish taxation system are available at:

http://www.investinspain.org/icex/cda/controller/interes/0,5464,5322992_6261683_6278959_0,00.html

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.

In July of 2010, a new law was put in place to reduce the maximum number of days allowed for repayment of debts. 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 EU also looks to combat payment delays. The new Directive 2011/7/EU, which replaced the current law in March 2013, covers all commercial transactions within the EU, whether in the public or private sector, primarily dealing with the consequences of late payment. 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.

In reality, the ongoing economic crisis has caused the payment situation to deteriorate considerably, with reimbursement in the public sector substantially exceeding the stipulated timeframe. The Government authorized special funding in early 2014 to liquidate the outstanding reimbursements and legislation has been enacted to try to ensure that future obligations be met in a timely manner.

More information on the EU Directive on payment delays is available at:
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:048:0001:0010:EN:PDF

http://ec.europa.eu/enterprise/policies/single-market-goods/fighting-late-payments/index_en.htm

Sales Service/Customer Support *Return to top*

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
Albarracín, 21
28037 Madrid
Phone: 902 300 187
Fax: 917 543 870
www.ocu.org

Product Liability

The producer is liable for damage caused by a defect in his product. 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.
http://ec.europa.eu/enterprise/policies/single-market-goods/product-liability/

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.
http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm

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

http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm

See Chapter 5 of this report for more information on consumers' rights and protection.

Protecting Your Intellectual Property in SPAIN:

Several general principles are important for effective management of intellectual property ("IP") rights in Spain. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Spain than in the U.S. Third, rights must be registered and enforced in Spain, under local laws. Your U.S. trademark and patent registrations will not protect you in Spain. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. 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.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Spanish market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally 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.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a lawsuit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. 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

- 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. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or visit **www.STOPfakes.gov**.

- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**, or visit http://www.uspto.gov/.

- For more information about registering for copyright protection in the US, contact the US Copyright Office: **1-202-707-5959**, or visit http://www.copyright.gov/.

- For more information about how to evaluate, protect, and enforce intellectual property rights, and how these rights may be important for businesses, please visit the “Resources” section of the STOPfakes website at http://www.stopfakes.gov/resources.

- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: **www.stopfakes.gov**/businesss-tools/country-ipr-toolkits. The toolkits contain detailed information on protecting and enforcing IP in specific markets and contains contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.

Due Diligence *Return to top*

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 Country 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.

http://www.informa.es
http://www.axesor.es/servicios/ingles/

A complete list of credit reporting agencies may be obtained from CS Spain.

Local Professional Services *Return to top*

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 at: http://www.buyusa.gov/europeanunion/services.html.

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

CS Spain also lists useful service providers in CS Spain's website at:
http://www.buyusa.gov/spain/en/businessserviceprovider.html

For other service providers, see links under Web Resources below.

Web Resources *Return to top*

United States:

U.S. Embassy in Spain: http://madrid.usembassy.gov/

U.S. Department of Commerce's web page for exporters: http://www.export.gov

U.S. Department of Commerce in Spain: http://www.buyusa.gov/spain/en

U.S. Commercial Service website, USEU: http://www.buyusa.gov/europeanunion/

Safe Harbor: http://www.export.gov/safeharbor/

IPR Toolkit: http://www.buyusa.gov/europeanunion/ipr.html

EU Public Procurement : http://www.buyusa.gov/europeanunion/eu_funds.html

Local Professional Services: http://www.buyusa.gov/europeanunion/services.html.

EU Member State Country Commercial Guides - Market Research Library:
EU Member States' Country Commercial Guides

Spain:

Spanish Embassy in Washington, D.C.: http://www.spainemb.org/

Spanish Ministry of Industry, Energy and Tourism- Guide to Investing in Spain:
http://www.investinspain.org/invest/en/index.html

Data Protection Agency: https://www.agpd.es/portalwebAGPD/index-ides-idphp.php

Distribution Contract (Spanish Institute of Foreign Trade):
http://www.icex.es/staticFiles/MODELO CONTRATO DISTRIBUCION INGLES_4916_.pdf

Industrial Property Office: http://www.oepm.es

One Stop Shop: http://www.ventanillaempresarial.org/

On-line register for bids (Spanish Sub-Directorate for Procurement):
http://catalogopatrimonio.meh.es/pctw/Publica/SAC.aspx

Spanish Regions:
http://www.interes.org/icex/cda/controller/interes/0,5464,5322992_6261608_6279139_0,00.html

Associations:
Spanish Federation of E-Commerce and Direct Marketing: www.fecemd.org
Spanish Better Business Bureau: http://www.ocu.org
Legislation: Telecommunications, Technology and Internet Law:
http://www.legallink.es/?q=en /node/69

European Union:

Coordination of the laws of the member states relating to self-employed commercial agents (Council Directive 86/653/EEC):
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML

Agreements of Minor importance which do not appreciably restrict Competition under Article 81(1) of the Treaty establishing the European Community:
http://eurlex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf

Directive on Late Payment:
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:048:0001:0010:EN:PDF

European Ombudsman:
http://www.ombudsman.europa.eu/home/en/default.htm

EU's General Data Protection Directive (95/46/EC):
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:1995:281:0031:0050:EN:PDF

Safe Harbor: http://export.gov/safeharbor/eu/eg_main_018476.asp

Information on contracts for transferring data outside the EU:

http://ec.europa.eu/justice/data-protection/document/international-transfers/transfer/index_en.htm

EU Data Protection Home Page :
http://ec.europa.eu/justice_home/fsj/privacy/index_en.htm

Distance Selling Rules:
http://ec.europa.eu/consumers/cons_int/safe_shop/dist_sell/index_en.htm

Distance Selling of Financial Services:
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2002:271:0016:0024:EN:PDF

E-commerce Directive (2000/31/EC):
http://ec.europa.eu/internal_market/e-commerce/index_en.htm

VAT on Electronic Service:
http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm

The Unfair Commercial Practices Directive:
http://ec.europa.eu/consumers/rights /

Information to Patients - Major developments:
http://ec.europa.eu/health/human-use/information-to-patient/legislative-developments_en.htm

Nutrition and health claims made on foods - Regulation 1924/2006
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:012:0003:0018:EN:PDF

Regulation on Food Information to Consumers: Regulation 1169/2011

EU-27 FAIRS EU Country Report on Food and Labeling requirements:
http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Brussels%20USEU_EU-27_12-27-2012.pdf

<u>Guidance document on how companies can apply for health claim authorizations</u>:

Summary document from EFSA
http://www.efsa.europa.eu/cs/BlobServer/Scientific_Opinion/nda_op_ej530_guidance_summary_en.pdf?ssbinary=true

Health & Nutrition Claims:
http://ec.europa.eu/food/food/labellingnutrition/claims/index_en.htm

Tobacco: http://ec.europa.eu/health/tobacco/policy/index_en.htm

Product Liability:
http://europa.eu/legislation_summaries/consumers/consumer_safety/l32012_en.htm

Product Safety: http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm

Legal Warranties and After-Sales Service:
http://ec.europa.eu/consumers/rights/gen_rights_en.htm

Copyright: http://ec.europa.eu/internal_market/copyright/documents/documents_en.htm

Harmonization of certain aspects of Copyright and related rights in the Information Society - Copyright Directive (2001/29/EC):
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32001L0029:EN:HTML

Industrial Property: http://ec.europa.eu/internal_market/indprop/index_en.htm

Trademark: http://ec.europa.eu/internal_market/indprop/tm/index_en.htm

European Patent Office (EPO):http://www.european-patent-office.org/

Office for Harmonization in the Internal Market (OHIM)http:/oami.europa.eu/

World Intellectual Property Organization (WIPO) Madrid
http://www.wipo.int/madrid/en

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

- Aerospace
- Automobile Aftermarket, Auto Tuning and Maintenance
- Biotechnology
- Business Investment Services
- E-Commerce
- Energy Sector – Smart Grid & Energy Efficiency Technologies and Services
- Franchise
- Green Technology
- Information & Communication Technology
- Medical Equipment and Devices
- Outbound Tourism to the United States

Agricultural Sectors

- Tree Nuts
- Pulses and Legumes
- Distilled Spirits
- Cereals
- Organic Products
- Seafood

Aerospace

Overview

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Unit: USD thousands

	2012	2013 (estimated)	2014 (estimated)	2015 (estimated)
Total Turnover	8,759,364	8,614,018	11,122,824	13,907,539
Total Exports	6,919,897	6,718,933	8,675,802	10,841,441
Total Imports	1,689,668	1,803,713	2,208,246	2,702,502
Imports from the US	194,229	254,626	363,687	128,841
Exchange Rate: 1 USD	0.7783	0.7530	0.7297	.7297

Data Sources: Unofficial estimates using information from local sources including TEDAE (Spanish Association for Defense, Aeronautics and Space)

Spain has a highly advanced aerospace industry, located primarily in Madrid, the Basque Country, and Andalusia, offers excellent opportunities for foreign companies. The aerospace sector has greatly benefited from its recent internationalization. Spain, however, still lags behind the two other leading European countries, France and Germany, where the proportion of airports per inhabitant is ten times greater than that of Spain. In January 2011, British Airways and Iberia merged to form a new company, International Airlines Group (IAG). Efforts in Spain's aerospace sector are being concentrated on improving Spain's infrastructure in order to keep up with its European competitors. Currently the aerospace sector employs about 38,000 people in Spain.

Sub-Sector Best Prospects

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Interest is increasing for products related to composite tape-laying machines and fiber placement systems with computer numerical control. Aeronautical products in greatest demand include components for aeronautical software programming, avionics, ground support equipment, and extruded metal products and plastics.

Opportunities

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Spain's aerospace sector is constantly growing and shows greater potential due to increased competition in the Spanish air transport market and a demand for new technology. Liberalization of Spain's internal air transport system has resulted in increased interest for these new technologies, creating opportunities for U.S. manufacturers and distributors.

According to Airbus´ forecast, air traffic in Spain will almost double by 2030. Spanish airlines will need some 400 new passenger aircraft over the next 20 years. The estimated total market value for the renewal and eco-efficient expansion of the Spanish passenger aircraft fleet is USD 45 billion. The drive for these additional aircraft comes from the need to replace less efficient aircraft with eco-efficient jets and from growth in domestic and international air travel demand. The Airbus forecast reinforces Spain's position in the global aviation market.

The region's passenger aircraft fleet of above 100 seats is expected to increase from 203 to 441 more eco-efficient aircraft by 2030.

The military branch of Airbus Defence and Space is based in Madrid and is the only military and civic/humanitarian transport aircraft manufacturer to develop, produce, sell and support a comprehensive family of airlifters ranging from three to 45 tons of payload. This highly versatile product range includes the CN235 and C295 tactical transport aircraft and the A400M airlifter. Airbus Military also played an important role in the innovative multi-role tanker transport (MRTT) project, based on the Airbus 330. In addition, the A400M airlifter is replacing Europe's ageing military transport fleet. The A400M, the new 21st century tactical and logistical airlifter, strengthened the importance of Andalusia (in the south of Spain) as one of the country's main aerospace-production regions, since the A400M Final Assembly Line is located in Airbus Military's second main facility, located close to Seville.

Prospects are promising for Airbus Defence and Space. According to Airbus Group CEO Tom Enders, the last two years have seen an increase in revenues and profits, as well as record aircraft deliveries. As part of a collaboration project with seven other EU countries, Spain planned to receive 27 transport aircraft between 2016 and 2022. Due to budget restraints, the Ministry of Defense announced it would reduce the number to 13 A-400Ms. However, it has committed to exporting the remaining 14, in order to save USD 3 billion and in an attempt to avoid the penalties for reducing the number of aircraft. In addition to Airbus Defence and Military, other dominant companies in Spain include Aernnova (formerly GAMESA), a manufacturer of structural parts for aircrafts; ITP (Industria de Turbo Propulsores, S.A.) an aircraft engine producer; and Grupo Aciturri. Despite the economic crisis, companies continue 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 trend is expected to continue as regional markets develop.

In 2013, IAG's profits after tax stood at 122 million euros (USD 162 million) and revenues grew 3.1 per cent to 18.6 billion euros (USD 24 billion). Recently, due to stiff competition from low-cost airlines such as Ryanair, EasyJet, and high-speed trains, Iberia decided to acquire Vueling, a low-cost option for its customers. Vueling is the Spanish company that has grown the most in the last two years and it plans on adding 72 new routes in Europe in 2014. If this pattern continues, Vueling will be on track to take over Ryanair's leading role in low-cost airlines.

Europacifc Growth Fund holds approximately 5.26 percent of IAG's shares, making it the largest single shareholder. Europacific Growth Fund's investment objective is to provide long-term growth of capital. The company invests in small and large firms based chiefly in Europe and the Pacific Basin.

To decrease operating costs, some airlines are considering operating leases or short-term leases of equipment or aircraft themselves, opening opportunities for U.S.

companies. This service market is expected to increase in the short term. However, U.S. aircraft manufacturers face stiff competition from Airbus and small aircraft manufacturers based in Europe.

Currently, local Spanish manufacturers are unable to meet the production demands for parts and components. Many Spanish sub-contractors are exploring the possibility of forming international agreements to meet increased market demand, offering excellent export opportunities for U.S. companies.

Airbus Helicopters, formerly Eurocopter, is a wholly owned Airbus Group subsidiary. By a process of successive integrations, Airbus Helicopters has become the world-leading rotorcraft manufacturer with a turnover of 6.3 billion euros (USD 8 billion). At present, the company is composed of three entities: the parent company, Airbus Helicopters; the German subsidiary, Airbus Helicopters Deutschland; and the Spanish subsidiary, Airbus Helicopters España.

In the military aircraft sector, Spain's participation in the Typhoon Eurofighter is a remarkable 14 percent. Due to budget cuts, 14 of the 87 aircraft allocated to Spain under the program, which spans from 2003-2018, have been cancelled, saving the Ministry of Defense an estimated USD 4 billion. The project employs over 22,000 people just in Spain. It has been the catalyst for new and pioneering companies such as CESA, ITP, TECNOBIT, INDRA, Aernnova and Espelsa. It has also led to the development of important new high technologies in the areas of production (i.e. carbon fiber), engineering (i.e. flight test and simulation) and systems integration (i.e. final assembly and communications) by EADS CASA, CESA, INDRA and ITP. Additionally, it has opened the doors for the Spanish industry to participate in other important European joint programs such as the TALARION Unmanned Aerial Vehicles. This program has generated significant economic and industrial profits for Spain due to the pre-established cooperation agreements.

The best entry strategy into the Spanish aviation market is to enter into a partnership with an existing local company, since the Spanish company would act as the representative and provide insight into local markets.

Some of the main events for this sector include:

- The Aerospace and Defense Meetings Sevilla 2016 will be in May 2016. It is a B2B event where leaders in the aerospace industry can meet with potential industry partners. The program includes a 2-day program of one-on-one meetings, conferences and workshops covering the latest topics (e.g., OEM procurement and supply chain policies) for the aerospace and defense sectors. The event helps large firms and SMEs involved in the global aviation, and space industries to explore specific markets and seize business and partnership opportunities with civil and defense applications.

- On a European wide spectrum, the next International Paris Air Show will be at Le Bourget exhibition center from June 15-21, 2015 and the Farnborough International Airshow will be from July 11-17, 2016.

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Spanish Association of Technological Companies in Defense, Aeronautics, and Space (Asociación Española de Empresas Tecnológicas de Defensa, Aeronáutica y Espacio) www.tedae.org -

Foreign Trade Statistics/ Chamber of Commerce - http://aduanas.camaras.org

Trade Event
Aerospace and Defense Meetings Sevilla 2016 -
http://www.bciaerospace.com/sevilla/index.php/en.html

Media
Revista Atenea – Ateneadigital.es

Commercial Service Spain: www.export.gov/spain
Aircraft Parts & Services Sector Specialist: Carlos Perezminguez, Tel: +34 91 308 1598, Fax : +34 91 563 0859, e-mail : carlos.perezminguez@trade.gov

Automobile Aftermarket, Auto Tuning and Maintenance

Overview

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Unit: USD thousands

	2012	2013 (estimated)	2014 (estimated)	2015 (estimated)
Turnover	671,160	669,601	684,981	707,920
Employment	8,160	8,139	8,318	8,581
Exchange Rate: USD 1.00	0.7783	.7530	0.7297	.7297

Data Sources: Unofficial estimates using data from local sources

Car customization, or *"tuning"* as it is known among enthusiasts, has become an increasingly popular trend in Spain. Currently, reliable statistics are not available. In the past, some data was available from the Barcelona Tuning Show. However, this show no longer exists and all that remains are many much smaller gatherings of tuning enthusiasts. Industry experts note that the "tuning" trend may be related to the current economic crisis, more individuals continue to invest large amounts of money in "tuning" their car instead of purchasing a new one.

Sub-Sector Best Prospects

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Trends from the United States heavily influence the "tuning" subsector. As a result, U.S. companies, known for quality and reliability, are sought out by Spanish distributors and consumers of "tuning" accessories for their products—especially exhaust pipes, self-adhesive applications and lighting and signaling equipment (including light-emitting diodes, or LEDs). Despite the financial crisis, a delegation of 29 Spanish firms attended the AAIW SEMA Show in Las Vegas in 2013 (http://www.semashow.com/). The Spanish contingent of 29 firms was one of the largest sent by any country and was the largest from Europe.

Opportunities

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One-third of Spain's 27.5 million automobiles have been operating for more than ten years. With a large number of outdated automobiles in circulation, there is a growing need for properly equipped auto shops that can meet the demand for repair and maintenance services.

The rapid and steady growth of the automotive and aftermarket sector in Spain, combined with the solid reputation of U.S. automotive repair and maintenance equipment, should enable U.S. manufacturers to maintain and improve their position within the local market. Projections indicate that imports into Spain of automotive and aftermarket products from the United States will increase five percent over the next three years, as highly technical and computerized equipment (mainly diagnostic and electronic equipment) becomes a standard feature of repair shops.

Industry association representatives are optimistic about growth in the repair and maintenance equipment market despite the challenging economic climate. The aging of existing automobiles, stricter enforcement of government technical inspections, and structural changes aimed at increasing market competition and consumption will encourage market demand for auto repair and maintenance equipment. These factors will boost the total market size in the next few years and make it one of the most attractive sectors in the automotive industry.

According to the Specialty Equipment Market Association, SEMA, another indirect end-user is the Spanish automobile owner. Spaniards do not take their automobiles to the auto shop as often as the majority of their fellow Europeans. Spanish auto shops service 800 to 900 automobiles a year, while EU auto shops average an estimated 2,000 automobiles a year.

In the auto repair and maintenance market, the majority of end-users still consider quality and price as the most important factors governing purchasing decisions. Training and after-sales support services are two other factors that influence purchasing decisions among Spanish automobile repair professionals and owners alike.

"Tuning" enthusiasts represent a growing pool of end-users of automotive accessories. In recent years, trade events catering to this trend appeared in Madrid (Madrid "Tuning" Show and Festival) and Barcelona (Barcelona "Tuning" Show). "Tuning" accessories are consumed as luxury goods, not out of necessity. As such, enthusiasts have been known to spend a significant part of their salaries on "tuning" their automobiles. In recent years, however, tuning shows like those in Madrid and Barcelona have fallen victim to the economic crisis and closed their doors. As a result, larger tuning shows have divided into much smaller ones.

Due to the vast popularity of "tuning" in Spain, over 20 magazines have come on the market in recent years to meet the growing demand and to cater specifically to this market. Revista GTI and MaxiTuning España are two of many publications that provide news, photos and design inspiration to "tuning" enthusiasts. In addition, on the television network MTV Spain, MTV Tuning España was the most watched show in the history of MTV Spain with more than 388,000 viewers in 2011. The show was so successful that over 1400 people submitted pictures of their cars in hopes that they would get voted to be on the show. The program renewed for another season in 2012.

In response to the increase in "tuning," the Spanish government passed the Royal Decree 866/2010 on July 2, 2010, which regulates modifications made to vehicles that mostly include upgrades. Examples of modifications added include, for example, changes to exhaust pipes and headlights and adjustments to the steering wheel. This law serves as evidence of the growing popularity and presence of "tuning" in Spain. The government has expanded the list of changes made to cars that have to be reported to the ITV (Inspección Técnica de Vehículos – Vehicle Technical Inspection). The ITV is an organization more or less equivalent to a state's vehicle safety inspection service and is the Spanish entity that certifies automobiles to be roadworthy. All cars are required to have ITV certification.

The aging automobile fleet coupled with strict government inspections and increased market competition should result in 10 to 15 percent market growth. The demand for “tuning” is well represented by diverse companies and the market itself continues to grow. Details on successful importers/distributors can be obtained by contacting the Commercial Service Madrid sector specialist indicated below.

Motortec Automechanika Ibérica, a new trade fair held at IFEMA, the fair grounds of Madrid, caters to the aftermarket sector. This trade fair includes a tuning sector and offers a venue to buy and sell car parts and services. In 2011, the fair attracted 450 exhibitors. In total, almost 40,000 professionals representing 49 different countries participated in the event. The next date for this trade show is March of 2015.

Insurance companies have also taken advantage of the rise in the tuning market. The more a car is modified, the more money that has been invested in the car. As a result, insurance companies have created personalized plans for those with modified cars. In some cases, the insurance company covers repairs on modifications made to the car.

In order to enter the Spanish market, the most effective way would be to partner with a local company to act as the local representative. In such a competitive sector, establishing a partnership with a local company can help establish market entry and obtain insight to the local environment.

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ANFAC (National Association of Automobile and Truck Manufacturers):
http://www.anfac.es

SERNAUTO (Spanish Association of Equipment Manufacturers for the Automotive Industry), http://www.sernauto.es/

SEMA (Specialty Equipment Market Association): www.sema.org

Cámaras (Spanish Foreign Trade Statistics): http://aduanas.camaras.org

Trade Event
Motortec Automechanika Ibérica: http://www.ifema.es/web/ferias/motortec/default.html

AAIW (Automotive Automarket Industry Week): www.aaiwshow.com/

Commercial Service Spain: www.export.gov/spain
Automobile Sector Specialist: Carlos Perezminguez, Tel: +34 91 308 1598,
Fax: +34 91 563 0859, E-mail carlos.perezminguez@trade.gov

Biotechnology

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Biotechnology	2011	2012	2013 (estimated)	2014 (estimated)	2015 (estimated)
# firms with primary/ exclusive biotech focus (biotechs)	660	679	690	700	712
# firms using biotech as a secondary line of business	368	373	380	400	406
# firms using biotech as a necessary tool	1,997	2,037	2,090	2,125	2,175
Total number of firms in the sector	**3,025**	**3,089**	**3,160**	3,225	3,293

Data Sources: Unofficial estimates for 2012-2013 based on information from sector sources, including Asebio and ICEX

Despite a challenging economic scenario over the last few years, the Spanish biotech sector continues to move forward. According to the OECD, in 2012 Spain came second in the ranking of countries with the highest number of biotech companies. Over the last five years, the sector has grown approximately 400 percent. Figures provided above and throughout the report are unofficial and are based on input from organizations such as Asebio (Spanish Biotech Association, ICEX (the Spanish Foreign Trade Institute), and INE (the National Institute for Statistics).

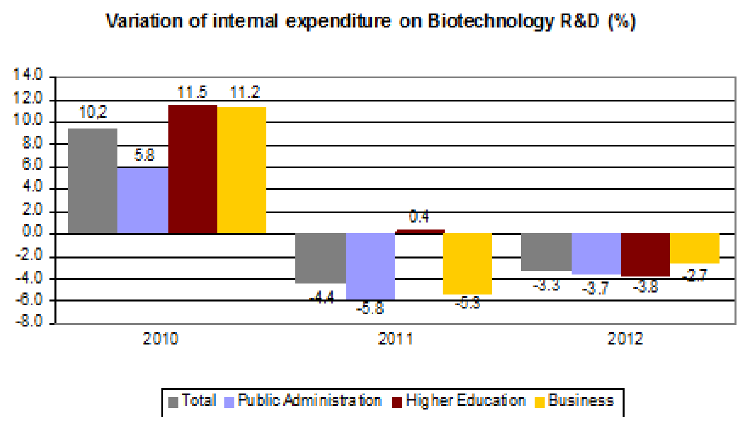
Sector sources estimate that approximately 2,000 – 2,100 companies use biotechnology as a necessary production tool, while the number of companies dedicated exclusively to biotechnology (biotechs) is in the 690 range. Spain has a relatively strong spin-off culture, with 10-12 spin-offs from public institutions starting operations every year.

A strong innovative infrastructure (ranked 10th worldwide), the availability of a well-qualified workforce, the favorable cost-benefit ratio of human capital, a well-developed health system with 800 hospitals, and the strong pharmaceutical sector have all contributed to the steady growth of this strategic sector

The economic crisis has taken its toll in the area of employment. The number of direct and indirect employees in the sector declined in 2012 by approximately six percent to 195,000. The internal biotech-related R&D activities area had 24,121 employees. Madrid and Catalonia account 50 percent of employment in the private sector. Companies employing fewer than 250 employees represent 96.6 percent of the sector and employ 36 percent of the sector's workforce.

Despite a downturn in the number of employees, turnover increased in 2012 to approximately Euros 95 billion (USD 122 billion), a 25 percent increase over the previous year.

One of the areas hit hardest by the economic situation is R&D. According to the INE (the National Institute of Statistics), internal expenditure on biotech-related R&D activities was USD 1.8 billion in 2012, representing a 3.3 percent decrease over the previous year. The public sector accounted for 40 percent of the R&D internal expenditure, followed by the private sector with 36 percent, and higher education with 24 percent.



Source: Instituto Nacional de Estadística, INE

Internal Biotechnology-related R&D activities were mainly financed by the Public Administration (54.5 percent) and the Business sector (28.1 percent) in 2012. Funds from foreign sources (9.8 percent), Higher education (6.2 percent) and Private Non-Profit Institutions (1.4 percent) financed the rest.

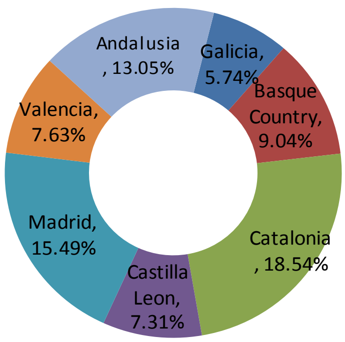
Catalonia accounted for 29.5 percent of the internal expenditure, Madrid 26.6 percent, and Andalusia 10.5 percent.

As in other markets, funding is a major challenge for companies in the biotech sector. With the recession, public and university funding has decreased substantially. Private funding has also declined, with companies having to use their own funds to finance activities. Lack of funding has consistently been one of the main obstacles faced by the sector. This obstacle has had a major impact on the way Spanish companies operate and develop new products. The majority of companies that focus on product development find it difficult to maintain a sizeable patent portfolio, while others prefer to focus on providing services rather than product development.

According to National Institute of Statistics (INE), the breakdown of the number of biotech companies is as follows: Catalonia (18.54 percent); Madrid (15.45 percent);

Andalusia (13.05 percent); the Basque Country (9 5 percent); Castilla y Leon (7.31 percent); Valencia (7.6 percent); and Galicia (5.7 percent).

Leading Regions for Biotechs



Source: Asebio and INE (National Statistics Institute)

Sub-Sector Best Prospects Return to top

Key Areas of Activity for Biotechs:

Food Sector	-	65.0 percent
Human health applications, (Particularly in therapeutics and diagnostics)	-	22.0 percent
Agriculture and forest production	-	22.7 percent
Animal health and aquaculture	-	10.0 percent
Environmental applications	-	11.0 percent
Industry	-	7.0 percent

Source: Asebio

There has been a notable increase in the drug-discovery and development areas of the Spanish biotech sector. Oncology continues to be the area with the most developments, followed by cardiovascular, neuro-degenerative, dermatology, viral infections, and rare metabolic and pathological conditions.

Pipeline:

Red Pipeline: Shows an increase of 25 percent to 449 projects: 292 medical indications, mainly for oncology, central nervous system, auto immune illnesses and

dermatology; 107 products, diagnostic services, and personalized medicine; 42 applications for the healthcare environment and 61 research platforms.
http://www.asebio.com/es/documents/SPANISHREDBIOTECHPIPELINE_2014.pdf

Green Pipeline: The number increased by five percent to 140 products: procedures or technologies developed by 23 companies, a technological center, 2 foundations and a technology park. Forty-five of the projects correspond to ingredients, additives and probiotics.
http://www.asebio.com/es/documents/GREENBIOTECHPIPELINE_2014.pdf

Spain is a leader in agro-biotech. In 2013, the amount of land in Spain dedicated to the cultivation of Bt corn was 136,961 hectares, an increase of almost 18 percent over 2012. This represented 90 percent of all GM crops in Europe.

Industrial: 188 products, procedures or technologies developed by 31 companies

Opportunities Return to top

Opportunities in biotechnology exist primarily for joint ventures, alliances and/or collaboration in research, as well the development of products and services inherent to a growing biotech sector.

Internationalization has become a top priority for Spanish biotech companies. As of 2013, over 30 companies currently have a presence in the United States either on their own or via an agreement with a U.S. establishment. Spanish companies are present in 30 countries, mainly within the European Union. The majority of companies in the sector have indicated an interest in entering the U.S. market.

The regional governments are key to the development of bio-clusters in their respective regions. The regions with the most biotech-focused companies are Catalonia, Madrid, Andalusia, Navarra, and Valencia. However, increased support for the sector has seen the clusters in other regions, e.g. the Basque Country, Castilla Leon, and Galicia, which continue to make important progress. Almost two-thirds of these companies have a health-related focus, while 23 percent are agricultural-related and 10 percent are industrial bioprocesses.

A good venue to meet with representatives from the Spanish biotech sector is the annual BIO event in the United States. Spain had a large pavilion at BIO 2014 in San Diego. BIO 2015 will take place in Philadelphia.

Another interesting venue is the bi-annual event organized by ASEBIO in Spain. BIOSpain is now the fifth international partnering event, with 2,775 meetings set up during the 2012 edition. The 2014 conference will take place in Santiago de Compostela in Galicia, September 23-26, 2014.

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ASEBIO (Spanish Biotech Association), http://www.asebio.com/es/index.cfm,

Biotech Sector – Invest in Spain:
http://www.investinspain.org/invest/en/sectors/biotechnology-pharmacy-and-life-sciences/overview/index.html

Spanish Ministry of Health: http://www.msps.es/

Bio-Clusters:
Madrid:
http://www.madridnetwork.org/Estructura.aspx/RedDeClustersOpcion4

Catalonia:	http://www.biocat.cat/en/about-us
Basque Country:	http://www.biobasque.org/aBBW/web/en/index.jsp
Andalusia:	http://www.andaluciabioregion.es/es/contacto.cfm
Valencia:	http://www.ibv.org/es/que-es-el-ibv.html
	http://www.bioval.org/index.html?lang=en
Galicia:	http://www.atcluster.org/en/
Navarra:	http://navarrabiomed.es

Trade Event
BIO-SPAIN, Santiago de Compostela, 2014:
http://asebio.com/en/news_item.cfm?iid=23052013biospain2014

Commercial Service Spain: www.export.gov/spain
Biotechnology Sector Specialist: Helen Crowley, Tel: +34 91 308 1548,
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Business Investment Services

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United State – Spain Bilateral FDI Unit: USD thousands

Foreign Direct Investment Position	2012	2013	2014 (estimated)	2015 (estimated)
U.S. FDI in Spain	31,377,000	32,678,000	32,800,000	35,600,000
Spanish FDI in the U.S.	51,894,000	52,240,000	52,600,000	55,894,000
Foreign Direct Investment Flows	**2012**	**2013**	**2014**	**2015**
U.S. FDI in Spain	-935,000	366,000	452,000	620,000
Spanish FDI in the U.S.	1,486,000	1,832,000	1,955,000	2,200,000

Source: Bureau of Economic Analysis/SelectUSA

Spain is the ninth largest investor in the United States, based on country of ultimate ownership. Spanish investment in 2013 is estimated at USD 52 billion, much of which has been invested by companies providing top-notch, cutting-edge technology to the U.S. Spain is also within the top 20 fastest growing sources of FDI (18th) with a compound annual growth rate of 11 percent between 2008 and 2012.

Spanish investors seek the expertise and knowledge of U.S-based service providers to enter the market more quickly and successfully. The U.S. Commercial Service in Spain has developed the ServiceSolutionsUSA on-line database to facilitate access by potential Spanish investors to U.S. companies that can offer specialized services required to ensure a successful implementation of their expansion plans. The website for ServiceSolutionsUSA is http://export.gov/spain/servicesolutionsusa/index.asp. Interested U.S. service providers can register for ServiceSolutionsUSA at http://export.gov/spain/servicesolutionsusa/joinus/index.asp.

Sub-Sector Best Prospects

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Spanish investors have been very successful in tapping into opportunities in the United States, particularly in the energy, environmental, infrastructure, banking, and telecommunications sectors. 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.

Other sectors focusing on the United States include the food /beverage, fashion, biotech/ healthcare, and franchise sectors. Given the current economic environment, Spanish companies will continue to look to other markets for their growth and expansion. The current economic crisis in Spain is limiting opportunities for ongoing growth in the country.

The U.S. Commercial Service receives many inquiries from Spanish companies for contacts in U.S. companies that can provide assistance required with setting up an office, or understanding tax implications, legal requirements, and preparation of 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 Return to top

The US Commercial Service office in Spain offers the ServiceSolutionsUSA program to help small and medium-sized U.S. service providers export their services to international investors. This program also helps potential international investors enter the U.S. market more effectively by allowing them to easily communicate with these experienced U.S. service companies. U.S. service providers receive detailed investor notices with a description of the services being sought. In addition, the contact data and the services offered by the U.S. service companies are listed in an on-line business directory. Companies listed in this business directory get extensive promotion in the targeted international markets as a result of partnerships with trade associations, and business organizations focused on promoting investment into the United States.

Over 140 U.S. companies have already registered to offer their services to Spanish companies. Thanks to the contacts made via the ServiceSolutionsUSA website, many of these U.S. service companies, including attorneys, accountants, consultants and engineers, are now doing business with Spanish investors and companies.

For more information on this initiative, please contact the program coordinator, Commercial Specialist Carmen Ribera (Carmen.ribera@trade.gov).

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ServiceSolutionsUSA: http://export.gov/spain/servicesolutionsusa/index.asp

Commercial Service Spain: www.export.gov/spain
Professional Services Specialist: Carmen Ribera, Tel: + 34 91 308 1544,
Fax: +34 91 563 0859, e-mail: carmen.ribera@trade.gov

E-Commerce

Overview

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Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	9,606,064	11,115,139	12,744,964	13,841,305
Total Local Production	7,615,444	9,425,764	10,826,367	11,922,708
Total Exports	1,913,658	2,608,367	3,014,938	3,289,023
Total Imports	5,817,937	6,906,109	7,948,472	8,496,642
Imports from the U.S.	263,529	333,201	356,311	376,867
Exchange Rate: 1 USD	0.7783	0.753	0.7297	0.7297

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: Unofficial estimates using data from local sources

During 2013 the Spanish E-commerce sector grew significantly, especially in the B2C area. The sector remains highly competitive and offers growth opportunities for U.S. companies.

Factors which support this trend are the increased penetration of broadband internet in Spain and the deployment of the Electronic National Identity Document (e-DNI), which will provide all Spaniards with a personal digital identity certificate. Internet penetration in Spain is estimated to be 68 percent of homes, with 29 million users.

Top product categories for online purchases by consumers were travel and hotel, direct marketing, ticket services, electronics, clothing and food. Credit cards were the most widely used payment method. The data offered on the summary table is actually closely linked to statistics developed by the Spanish Markets and Competition Commission, based on credit card payment information for e-commerce transactions.

Online supermarkets linked to a physical chain, such as El Corte Ingles, Carrefour Online, Dia and Zara, continue experiencing strong growth. Additionally, the recent opening of a logistic center in the Madrid region by El Corte Ingles is a major new investment in this sector, estimated at 20 million USD.

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Demand by consumers in areas such as tourism-related products, e-learning, music and software purchases is significant. Services and products that reach consumers through mobile devices will be growing, as Spain is considered to have one of the largest smartphone penetration rates in Europe. E-commerce software solutions for SME´s are also interesting: specific applications include advertising and marketing tools.

Opportunities Return to top

The current exchange rate between the euro and the dollar enhances opportunities for U.S.-based web marketers, especially for the consumer market. In addition, the expansion of smart phones and mobile internet broadband is facilitating the distribution of paid content and the access to new services. For a successful presence in the Spanish market, translation into Spanish language is critical, as well as a targeted Search Engine Optimization for Spain.

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Spanish Markets and Competition Commission www.cnmc.es

Secretary of State for Telecommunications and Information Society: www.minetur.gob.es/telecomunicaciones

Internet promotion entity RED.ES www.red.es

Data Protection Agency: www.agpd.es

Spanish Digital Economy Association www.adigital.org

Spanish ICT Association (AETIC) www.ametic.es

Spanish Internet companies Association (ANEI) www.a-nei.org

Trade Event
Expo E-Commerce Trade Show http://expo-ecommerce.com

Media
E-Commerce magazine www.ecommerce-news.es

Commercial Service Spain: www.export.gov/spain
E-Commerce Sector Specialist: Jesus Garcia, Tel: +34 91 308 1578,
Fax: +34 91 563 0859, E-mail: jesus.garcia@trade.gov

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ENERGY SECTOR – Smart Grid & Energy Efficiency Technologies and Services

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Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	14,429,189	16,749,825	17,561,439	18,504,339
Total Local Production	11,091,499	12,856,393	13,499,213	14,444,213
Total Exports	2,253,725	2,587,696	2,742,958	7,077,384
Total Imports	5,591,415	6,481,128	6,805,184	3,017,258
Imports from the U.S.	1,155,922	1,327,213	1,353,757	1,479,201
Exchange Rate: 1 USD	0.7783	0.7530	0.7297	0.7297

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Unofficial estimates using data from local sources including Spanish Ministry of the Environment: Institute for Energy Saving and Diversification: sector associations and journals.

Demand for electrical energy on the Spanish peninsula registered its third consecutive annual decline in 2013, falling to 246,166 GWh, 2.3 per cent lower than in 2012. After factoring in the effects of seasonal and working patterns, a decrease of 2.0 per cent was registered.

Installed power capacity on the Spanish Peninsula closed 2013 at 102,281 MW (556 MW greater than 2012). Solar thermal (15 per cent or 300 MW) and solar photovoltaic (3.3 per cent or 140 MW) accounted for the greatest increase. Other technologies did not experienced power variations or the variations experienced were insignificant.

Hydroelectric power stood at 32,205 GWh, 16 per cent higher than the all-time average and 2.5 times greater than that registered in 2012. Hydroelectric reserves for the complete reservoir infrastructure ended 2013 with a fill level of close to 52 per cent of its total capacity, compared to 38 per cent the previous year. Regarding the balance in the generation mix, the high rainfall recorded in 2013 resulted in a significant growth in hydroelectric generation over the previous year (+75.8 per cent in hydroelectric under ordinary regime). In addition, renewable generation included in the special regime increased by 14.2 per cent compared to 2012. In contrast, significant decreases were recorded in production from combined cycle (-34.2 per cent), coal-fired (-27.3 per cent) and nuclear (-8.3 per cent) power stations.

In terms of demand coverage, it is worth noting that for the first time ever, wind power was the technology that contributed most to the annual electricity demand coverage (21.1 per cent compared to 18.1 per cent in 2012), reaching the same level as nuclear which contributed 21 per cent (22.1 per cent in 2012). Hydroelectric energy doubled its contribution (14.4 per cent in 2013, compared to 7.7 per cent in 2012), whilst the contribution of coal-fired and combined cycle power stations were down 14.6 per cent and 9.6 per cent respectively (19.3 per cent and 14.1 per cent in 2012). Other technologies maintained a similar share or experienced little variation over the previous year.

The progressively increasing weight of renewable energy in demand coverage has been favored by the high rainfall recorded this year, increasing its share to 42.4 per cent, 10.5 percentage points higher than the previous year. It also reduced CO2 emissions of the electricity sector on the Spanish Peninsula to 61.4 million tons, 23.1 per cent lower than in 2012.

Annual balance of electrical energy

	Peninsular system		Extra-peninsular system		National total	
	GWh	% 13/12	GWh	% 13/12	GWh	% 13/12
Hydro	34,205	75.8	0	-	34,205	75.8
Nuclear	56,378	-8.3	-	-	56,378	-8.3
Coal(1)	39,792	-27.3	2,591	-11.9	42,384	-26.5
Fuel/gas(2)	-	-	6,981	-7.4	6,981	-7.4
Combined cycle	25,409	-34.2	3,574	-8.8	28,983	-31.8
Gross production	**155,785**	**-10.6**	**13,147**	**-8.7**	**168,932**	**-10.4**
Self-consumption	-6,241	-20.9	-771	-9.3	-7,012	-19.8
Hydro	7,095	52.8	3	-	7,098	52.8
Wind	53,926	12.0	375	1.8	54,301	12.0
Solar photovoltaic	7,982	1.9	415	12.6	8,397	2.4
Solar thermoelectric	4,554	32.2	-	-	4,554	32.2
Renewable thermal	5,011	5.6	9	11.4	5,020	5.6
Non-renewable thermal	32,048	-4.3	260	-5.1	32,309	-4.3
Special regime	**110,616**	**8.1**	**1,062**	**4.1**	**111,679**	**8.1**
Net production	**260,160**	**-3.2**	**13,438**	**-7.8**	**273,598**	**-3.4**
Pumped storage consumption	-5,769	14.9	-	-	-5,769	14.9
Peninsula-Balearics interc.(3)(4)	-1,266	-	1,266	-	0	-
International exchanges(4)	-6,958	-37.9	-	-	-6,958	-37.9
Demand (b.c.- at power station busbars)	**246,166**	**-2.3**	**14,704**	**-2.9**	**260,870**	**-2.3**

(1) As of 1 January 2011 includes GICC (Elcogás). (2) Generation from auxiliary generation units is included in the Balearic Islands' electrcity system. (3) Peninsula-Balearic Islands' interconnection operating at the technical minimum level of security until 13 August 2012. (4) Positive value: importer balance; negative value: exporter balance.

Source: Red Electrica

Electricity exchanges through the Spanish Peninsula-Balearic Islands interconnection resulted in an export balance of 1,266 GWh in favor of the Balearic Islands, which allowed 22.3 per cent of the Balearic Islands' electricity system demand to be covered by the peninsular system.

For the tenth consecutive year, the balance of international electricity exchanges in 2013 was favorable to Spain by 6,958 GWh, although 37.9 per cent lower than in 2012. Exports in 2013 stood at 16,913 GWh (18,986 GWh en 2012) and imports at 9,955 GWh (7,786 en 2012).

The annual demand for electricity in the extra-peninsular systems as a whole closed 2013 with a decrease of 2.9 per cent compared to the previous year. By electricity system, the drop in demand fell by -2.5 per cent in the Balearic Islands, -3 per cent in the Canary Islands, -4.8 per cent in Ceuta and -3.4 per cent in Melilla.

Regarding transmission grid facilities, 747 km. of new lines came into service during 2013, meaning that by the end of the year the national transmission grid circuit totaled 42,116 km. In addition, transformer capacity rose by 2,125 MVA, increasing the total national transformer capacity to 80,295 MVA.

Energy Reform Bill

The Energy Reform Bill, passed in December 2012, threatened the viability of renewable projects, as it reduced subsidies and it may increase the dependence on coal and imported gas. Early in June 2013, the Spanish government announced a substantial reduction in the renewables subsidies since they accounted for almost half of the Euros 20 billion (USD 26.6 billion) annual cost of the nation's electrical system, and capped retail tariffs were insufficient to pay for the open-ended cost of escalating renewable inputs. Subsidies for renewables totaled about Euros 9 billion (USD 11.5 billion) in 2012 and Euros 9.3 billion (USD 12.4 billion) in 2013. According to the Spanish Energy Commission (CNE) and the Markets and Competition National Commission (CNMC), a deficit of Euros 30 billion (USD 38.5 billion) had built up since 2005, The 2012 reforms had started to address this deficit when, in July, the Ministry of Industry, Energy and Tourism introduced further ‘definitive reforms’ to reduce the deficit by Euros 4.5 billion (USD 5.8 billion) per year. These measures will cost utilities Euros 2.7 billion (USD 3.5 billion) per year and consumers Euros 400 million (USD 531) in 2013 and Euros 900 million (USD 1.3 billion) per year thereafter, while the government will cover a further Euros 2 billion (USD 2.6 billion) in 2013 and Euros 900 million (USD 1.3 billion) per year thereafter. Solar companies are expected to be worst affected, due to a debt load estimated at Euros 30 billion (USD 38.5), and widespread financial distress is predicted by solar and wind industry groups. In 2000, the government had promised more than 20 years of large subsidies, and investment proceeded on this basis. In May 2013, renewables received an average subsidy of Euros 100/MWh. The reforms remove the feed in tariffs system and substitute a new Regulated Asset Value-based system (or "reasonable profitability" system) and will cut the payments for renewables by Euros 1.3 to 1.4 billion (USD 1.7 to 1.8 billion) per year.

At the start of 2014, the impact of the switch to capacity-based incentives was unclear. All renewable sources now have to take the pool price based on “reasonable profitability” calculations but the sector has reservations regarding how the “reasonable profitability” is calculated. In April 2014, the CNMC said that proposed reductions in subsidies for renewables would cost producers some Euros 1.7 billion (USD 2.3 billion) in 2014 (wind Euros 400 million/USD 548, others Euros 150-250 million/USD205 – 342 million each). The Feed-in-Tariff (FiT) modifications would determine the rate of return for existing renewable energy companies at 7.4 per cent and for future ones at 7.5 per cent, compared with more than 10 per cent in the past.

Spain ranks #45 in the Renewable Energy Top Market for U.S. Exports 2014-2015 report published in February 2014 by the U.S. Department of Commerce – International Trade Administration. By subsectors, Spain ranks # 35 in wind, #25 in solar, #14 in hydropower and #39 in ethanol. http://export.gov/reee/eg_main_070026.asp

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The Spanish energy sector is well developed and enjoys a good reputation globally, especially in renewable energy where it has become a world leader. The growth of technologies – wind and solar thermal and photovoltaic – have far exceeded targets for installed power. By 2020, Spain has pledged to meet 20 per cent of Gross Final Energy Demand through clean energy. The Spanish Island, El Hierro, is about to become the first island in the world that it is energy self-sufficient through water and wind power. Spanish companies continue to be active with renewable energy projects in Spain that have already been registered, but the impact of new legislation has been to limit new investment. Spanish renewable energy companies are very active in projects worldwide. There are opportunities for US firms to team-up with these Spanish firms in projects in Latin America, Middle East and Africa. Joint ventures and partnerships will play an important role in capturing market share and in injecting the necessary capital and state-of-the-art technology.

Other sub-sectors where there are good opportunities for US companies include gas and smart grids. Recent 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 virtually has no domestic production of liquid fuels or natural gas. There are government regulations, however, that support Spain’s oil and gas imports from multiple countries, diversifying their suppliers.

During the 2011-2016 period, Spain's overall power generation is expected to increase by an annual average of 1.96 percent, reaching 307 TWh. Driving this growth is an annual 3.12 percent increase in gas-fired generation and a 4.86 percent rise in renewable-based electricity supply.

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. Energy efficiency sector in Spain represented 1.8 percent of GDP and 1.4 percent of total employment.

The stakeholders in the energy sector include government entities at national level such as the Ministry of Industry, Energy and Tourism, the Comisión Nacional de la Energía (National Energy Commission - Regulator), Red Electrica de España (grid operator), Instituto para la Diversificación y el Ahorro de Energía IDAE (Institute for Energy Diversification and Saving). The different Spanish Autonomous Communities have their own regulations and strategies regarding energy projects. Associations such as UNESA (Spanish Utilities Association) and its members the Spanish utilities Endesa, Iberdrola and Gas Natural-Fenosa are also among the main stakeholders in this sector.

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Spain has an important activity in the European smart grid field (3rd country in terms of investment in research projects following Denmark and Germany).

The Spanish government is supporting this area development as the roll out of the smart grids in Spain can produce a benefit between 0.2 per cent and 0.35 per cent GDP with the creation of 40.000-50.000 direct and indirect jobs, while allowing the integration of renewables and the setup of new business.

The private sector is also investing in smart grid development, R&D, as well as projects deployment and technology development, as it is a sector that could highly increase the competitiveness of the utilities. It is estimated that an investment of 1 euro in smart grids generates 2 - 2.3 euros in benefits.

Smart Grid Projects in Spain

Total number of projects: 17

• In pipeline:	47.06 %
• In R&D:	52.94 %
Average Total budget:	189.5 M
• In pipeline:	64.91 %
• In R&D:	35.09 %

Projects per category:

• Smart Network Management:	41.18 %
• Integration of DER:	17.65 %
• Integration of large scale RES:	11.76 %
• Aggregation (Demand Response, VPP):	0.00 %
• Smart Customer and Smart Home :	23.53%
• Electric Vehicles and Vehicle2Grid applications:	0.00 %
• Other:	5.88 %

The current Energy Saving and Efficiency Plan 2008-2012 (PA4+) forms part of the EU Energy Efficiency Action Plan. The objective of the PA4+ is not only to achieve the commitments set out in Directive 2006/32 EC, which defines a framework for a joint effort to achieve energy savings of nine percent in 2016, but also to meet the target of saving 20 percent by 2020, included in the decision of the European Council dated March 9, 2007.

The strategic targets of this Plan include:

- To acknowledge energy saving and energy efficiency as a tool for economic growth and social welfare.
- To create appropriate conditions for of the awareness of energy saving and energy efficiency to become more widespread and better developed in society.
- To encourage competition in the market under the guiding principle of energy saving and efficiency.
- To strengthen the position of Spain at the forefront of energy saving and efficiency.

It is calculated that the volume of the energy efficiency market - including consultancy services and the energy services companies - presently amounts to some Euro 100 million (USD 133 million) per year in Spain. Forecasts point towards rapid growth in this business sector. It is estimated that energy efficiency services in Spain will grow until they exceed Euro 2 billion (USD 2.6 billion) in the next four years, generating close to 20,000 jobs.

Spanish companies continue to be active with renewable energy projects that have already been registered, but the impact of new legislation has been to limit new investment in some areas of renewable energy areas. Spanish renewable energy companies are world leaders and very active in projects worldwide. There are opportunities for US firms to team-up with these Spanish firms. Joint ventures and partnerships will play an important role in capturing market share and in injecting the necessary capital and state-of-the-art technology. In this sense, the National Plans promote better energy management and are creating opportunities in areas that help to save energy and water resources.

Business opportunities exist for U.S. firms in the Spanish renewable energy and energy efficiency market with state-of-the-art technology and services. Strategic alliances with Spanish companies can also give U.S. companies access to other foreign markets as well. U.S. small and medium- sized companies should know that doing business with Spanish energy companies can open up opportunities in other industries that are closely linked with energy, such as environmental technology.

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Spanish Ministry of Industry, Energy and Tourism:
http://www.mityc.es/energia/en-US/Paginas/Index.aspx

Comisión Nacional de la Energía (National Energy Commission - Regulator):
http://www.eng.cne.es/cne/Home

Instituto para la Diversificación y el Ahorro de Energía IDAE: (Institute for Energy Diversification and Saving): http://www.idae.es/index.php/lang.uk/mod.indice/mem.i

Red Eléctrica de España (Electricity Transmission and Operations):
http://www.ree.es/ingles/home.asp

Spanish Energy Sector Publication: http://energuia.com/

EU Energy Sector: http://ec.europa.eu/index_en.htm
http://www.aquieuropa.com/

Customs duties: http://www.taric.es/

Trade Events
GENERA: http://www.genera.ifema.es/ferias/genera/default_i.html

MATELEC: http://www.ifema.es/web/ferias/matelec/default_i.html

Electricity Utilities
ENDESA, S.A. http://www.endesa.com/en/Home

Gas Natural Fenosa S.A.

http://www.gasnaturalfenosa.com/en/1285338501612/home.html

HC Energía, Grupo EDP http://www.edpenergia.es/institucional/en/edp-in-spain/
IBERDROLA, S.A. http://www.iberdrola.es/home/

Engineering and Services
ABB S.A. http://new.abb.com/es
Applus S.L.U. http://www.applus.com/es/
Areva http://www.areva.com/
Bureau Veritas http://www.bureauveritas.es/

COAPSA Control S.L. http://www.coapsa.com/
Empresarios Agrupados (EA) A.I.E. http://www.empre.es/
GE-Hitachi Nuclear Energy International Ltd. http://www.hitachi-hgne.co.jp/en/
Global Energy Services Siemsa, S.A. http://www.services-ges.com/
Grupo AMS http://www.grupoams.es/
Grupo Copisa http://www.grupocopisa.com/es-es/inicio.html
Grupo Dominguis http://www.grupodominguis.com/es/
Grupo Eulen http://www.eulen.com/
Iberdrola Ingeniería y Construcción, S.A.U. http://www.iberdrolaingenieria.com
IDOM - Ingeniería, Arquitectura y Consultoría http://www.idom.com/es/
Konecranes Ausió S.L.U. http://www.konecranes.es/
Medidas Ambientales S.L. http://www.medidasambientales.com/
Compañía Internacional de Protección, Ingeniería y Tecnología S.A.U – PROINSA: http://www.grupoproinsa.com/
SENER S.A. http://www.sener.es/inicio/es
Siemens S.A. http://www.siemens.com/answers/es/es/
SOCOIN S.L.U. http://www.socoin.es/
Tamoin http://www.tamoin.com/es/
TECNATOM S.A. http://www.tecnatom.es/
Técnicas Reunidas S.A. http://www.tecnicasreunidas.es/es/
Virlab S.A. http://www.urbar.com/en/virlab/virlab.htm
Westinghouse Electric Spain S.A.U. http://www.westinghousenuclear.com/

Associations
SERCOBE, Spanish Association of Capital Goods: http://www.sercobe.es/?lang=en
UNESA, Spanish Utilities Association: http://www.unesa.es/
Spanish Association of Renewable Energy Producers: http://www.appa.es/index.php

Spanish Utilities Association: http://www.unesa.es/

Commercial Service Spain: http://export.gov/spain/
Sector Specialist: Carmen Adrada, Tel: +34 91 308 1542,
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Franchise Sector

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Unit: USD Millions

	2012	2013	2014 (estimated) 4%	2015 (estimated) 3%
Total income	33,355	33,288	34,620	35,659
Total number of franchise brands	1,040	1,087	1,130	1,164
Total number of establishments	59,758	59,131	61,496	63,340
Total foreign-owned establishments	205	200	208	214
Total U.S. establishments	37	36	37	38
Exchange rate: USD1.00	0.7783	0.7530	0.7297	0.7297

Unofficial estimates based on input from trade sources.

The franchise sector remains dynamic in spite of the economic crisis of recent years. Turnover in 2013 fell only by 0.2% as compared to 2012, while the number of networks increased by 4.5%.

The most striking data is that each year more companies in Spain are committed to franchising as a model for expansion. The sector was comprised of 1,040 networks in 2012, which grew to 1,087 at the end of 2013 (an increase of 4.5%).

Total sector sales in 2013 was registered at USD 33,288, which was virtually the same as in 2012; however, it is noteworthy that turnover achieved by local franchisee increased 0.2%.

The number of operating franchise establishments registered a decrease of 1% comparing 2012 with 2013. In 2012 there were a total of 59,758 stores opened, and at the end of 2013 the figure was 59,131 (627 less).

The figure in terms of employment generated by the sector at the end of 2013 is 242,140; 4,214 less than at the end of 2012 (-1.7%). Even though the sector employed less people, it still counts for a great portion of Spain's economic activity and will provide increasing employment opportunities as domestic demand continues to rebound in 2014.

Comparing the performance of the sector between 2008 and 2013, the number of networks has increased by 24.2% (from 875 in 2008 to 1,087 in 2013); the number of establishments grew by 1.4% (58,305 in 2008 and 59,131 in 2013); turnover has fallen only 0.5% (USD 34,542 million in 2008 were invoiced compared to USD 34,352 million in 2013); and generated employment increased by 2.6% (the sector employed 235,929 people in 2008 and 242,140 in 2013).

The total Spanish franchise sector is comprised of 1,087 concepts, 4.5% more than in 2012 when the sector accounted for 1,040, of which 887 are of domestic origin (81.6%) and the remaining 200 (18.4%) come from about 27 countries, like France (44 concepts); United States (36); Italy (33); and Portugal and Germany (10 each).

The sub-sector with greater presence is “Beauty/Health” with 91 brands, followed by "Specialty Stores" with 67.There are 23 new “Food and beverage” brands (which totals 60), and 10 in "Computers / Labeling / Printing / Mobile tech" (which accounts for 65). The subsectors that have suffered more are "Furniture / Home" and "Recreation Centers".

If we look at the regions in Spain that host franchisor headquarters, Madrid takes the lead with 290 (4 more than in 2012); followed by Catalonia with 277 (2 more than 2012); then Valencia with 119 (having lost 5 brands), followed by Andalusia with 104 (7 less brands than the year before. These four regions represent 75.3 percent of all the franchise concepts in the country.
The estimated growth for 2014 is of 4% due to a larger sector activity of bringing new brands into the franchising model. The trend is to slow the pace of this growth in 2015 to 3%.

Undeterred by the difficulties at home, Spanish franchises are still doing quite well abroad. The export of national franchise businesses compensates for lower domestic sales.

The number of franchises abroad has gone up from 271 to 279. The number of establishments abroad also went up from 17,081 to 18,688; and the number of franchises with more than 100 units abroad has reached a total of 29. The US is the main destination for these brands, especially in the food and beverage sub-sector, including the Spanish casual dining brand “100 Montaditos” that is rapidly expanding, with plans to open a number of additional restaurants in the U.S. in 2014-2015.

Franchise Disclosure Rules in Spain

Some additional disclosure requirements became mandatory in Spain in 2006. The new law is the successor to the old Franchise Regime which created a Register of Franchisors and a Disclosure Rule that are still in effect.

1. Each franchisor will have to disclose for how long he has been running the franchise business prior to disclosure;
2. Master franchisees are obliged to annex to their disclose document a copy of their Master Franchise Agreement;
3. Foreign companies have to translate all legal documents into Spanish and register them together with the original versions;

Additionally, each franchisor has the right to voluntarily register the following information:

1. The company's quality certifications;
2. Any mediation or ADR (Alternative Dispute Resolution) systems in use in the franchise network;
3. Whether the franchisor observes the Code of Conduct;

4. Whether the franchisor participates in the consumers' arbitration system or any other system to settle consumer complaints. Both sides have to decide in which country the arbitration will occur, if needed.

When drawing up contracts, franchise companies - whether Spanish, foreign, or the master franchisee – must be registered in a special administrative Franchisors Registry and are obliged to fulfill the requirements of the Disclosure of Pre-Contractual Information. All required information must be delivered in writing to the intended franchisee at least 20 days prior to signing a franchising contract, pre-contract or prior to any payment to the franchisor.

Thanks to the lobbying force of the Spanish Franchise Association (AEF), the regulation about distribution and franchise agreements that were included in the Spanish Draft of Commercial Act have been finally removed.

On May 28th 2014, the 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 WIPO arbitrator.

The World Intellectual Property Organization Copyright Treaty (WIPO Copyright Treaty or WCT) is an international treaty for copyright law, adopted by the member states of the World Intellectual Property Organization (WIPO) in 1996. It provides additional protections for copyright deemed necessary due to advances in information technology since the formation of previous copyright treaties before it. It ensures 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 in Articles 6 to 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).

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. Commercial Service Spain advises all U.S. companies to be counseled by a local legal office to assure this compliance.

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

- Beauty
- Fashion
- Education
- Food/Beverage

- Jewelry
- Car services
- Senior Care
- Other services

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CS Spain offers customized solutions for franchise brands. Please contact us for a special business proposal.

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

Expo Franquicia Trade Show - Madrid
http://www.ifema.es/ferias/expofranquicia/default.html

Int'l Franchise Expo – New York
http://www.ifeinfo.com/

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AEF – Asociación Española del Franquiciador – Spanish Franchise Association
http://www.franquiciadores.com/

Commercial Service Spain: www.export.gov/spain
Commercial Specialist for Franchise Sector: Angela Turrin, Tel: + 34 91 308 1567, Fax: +34 91 563 0859, e-mail: angela.turrin@trade.gov

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Green Technology

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Unit: USD thousands

Green Technologies and Services	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	29,099,157	31,265,653	31,493,169	32,218,169
Total Local Production	24,828,796	27,293,563	27,889,356	28,726,356
Total Exports	3,151,340	4,549,404	4,975,332	5,175,332
Total Imports	7,421,701	8,521,494	8,581,145	8,667,145
Imports from the U.S.	2,167,931	2,441,774	2,490,609	2,540,409
Exchange Rate: 1 USD	0.7783	0.7530	0.7297	0.7297

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: Unofficial estimates using data from local sources including Spanish Ministry of the Environment: *Institute for Energy Saving and Diversification: sector associations and journals.*

The European Union sets environmental requirements for all member states. The Spanish government adheres to all regulations. These directives come from Brussels, and are administered and implemented through the three levels of Spanish government: National, Regional and Local. The environmental sector is highly regulated in Spain. Companies have been compelled to follow environmental regulations that have resulted in the market developing strongly. In addition to the central government, 17 Spanish autonomous or regional governments issue environmental laws and regulations that are mandatory for their territories. The regional governments incorporate laws issued by the central government as well as EU directives. Municipalities can also issue environmental norms that affect their municipal area.

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

Despite new legislation, water management reform and substantial investments, water resources are not being administered in a sustainable manner. Water quality in many rivers is sub-standard. Groundwater is being used up faster than it is being replenished and competition for water use is intensifying between households, agriculture, and industries, including energy and tourism. Climate change is making this competing demand among the various water resources even more intense.

Environmental protection investment in Spain accounts for 0.10 percent of GDP. By regions, the ones that invest the most in environment protection are Cantabria (0.29 percent); followed by Asturias (0.26 percent); and Aragon (0.20 percent). The regions which invest the least in environmental protection are the Balearic Islands (0.02 percent); Canary Islands (0.04); and Madrid (0.06 percent). Green technologies are crucial for the economic recovery as they help save valuable resources such as energy and water. In 2012, the European Investment Bank (EIB) granted a USD 630 million loan to Spain for water and sanitation improvements along Spain's Mediterranean coast, the first installment of which was USD 441 million. The funds will help improve water supply systems, develop desalination plants, re-use wastewater, improve irrigation and boost environmental protection in Spain's five Mediterranean river basins, including the Ebro.

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, partly because of the crisis, but also thanks to the promotion of renewable energies. In order to maintain further long-term progress in meeting its emission standards, strengthened policies and better integration of environmental considerations into energy and transport policies are needed. Although it has made significant progress, Spain has not met its Kyoto target. Its greenhouse gas emissions in 2009 were about 30 percent higher than in 1990, substantially short of its Kyoto objective which was to cap growth at 15 percent between 2008 and 2012.

Over three-quarters of Spain's pollution is located in urban environments. As a result, there is a growing public interest and demand for air quality. The Spanish Ministry of the Environment and Rural and Marine Affairs has implemented policies to combat climate change based on reducing emissions, increasing energy efficiency and raising renewable energy's contribution.

As the Spanish economy expanded, so did the amount of waste. Fortunately, the waste management industry is well established and has a solid reputation. The Spanish government's 2008–2015 National Integrated Waste Plan (PNIR) 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. 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 technology, with Germany as a leading supplier of environmental technology.

The stakeholders in the environment sector include government entities: Ministry of the Environment and Rural and Marine Affairs, Ministry of Agriculture, Food and Environment; construction companies (all having water subsidiaries) such as Acciona, Ferrovial, and FCC Group; and Aguas de Barcelona and Canal de Isabel II, in water treatment.

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Demand for green equipment, technology and services have decreased due to the economic crisis. Nevertheless, environmental concern is still high and implementation of environmental regulations and resources allocated during recent years underscore Spain's commitment to this sector.

The 2007-2015 Integrated National Waste Plan contains a number of measures to assure proper waste management and initiates programs and projects with real objectives that can be met during the corresponding period of time. The areas covered by the Plan include: soil treatment; urban solid waste; hazardous waste; end of life vehicles and tires; waste water sludge; construction and demolition waste; PCB/PCT;

used battery and storage battery waste; and other waste from electrical and electronic appliances, mining operations, agricultural plastic, and non-hazardous industrial products.

Products and services, identified in the 2007-2015 Integrated National Waste Plan, that could be in demand include:

- Increase of industrial treatment plants for municipal solid and hazardous waste.
- New technology to reduce the amount of waste produced as a side effect of current treatment methods.
- Alternatives to landfill.
- 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

Opportunities Return to top

Spain's growth in previous years placed even greater pressure on the environment and the use of natural resources. Challenging market conditions brought about by the economic crisis has 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 still scope for action, especially if ongoing technological and process innovation is essential. As opportunities in Spain have declined, Spanish companies are going abroad to work in foreign environmental and renewable energy projects. These companies are good potential clients for US suppliers in those sectors.

Fines are increasingly imposed on contaminating industries through central, regional and local governments. These penalties force Spanish industries to look for environmentally safer technologies and pollution-control equipment to treat emissions and industrial waste. As a result, opportunities exist for U.S. environmental companies in this market.

Other areas of opportunity could include: advanced technology for treating certain elements 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.

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Spanish Ministry of the Environment: http://www.magrama.es/en/

Institute for Energy Saving and Diversification:
http://www.idae.es/index.php/mod.indice/mem.i/lang.uk

Fundación Entorno: http://www.fundacionentorno.org/
Ecovidrio (glass recycling organization): http://www.ecovidrio.es/

Center for Hydrographic Studies: http://www.cedex.es/ingles/home.html

Spanish Water Information System (HISPAGUA): http://hispagua.cedex.es/en

Spanish Desalination and Water Reuse Association (AEDYR):
http://www.aedyr.es/index.php
Spanish Association of Environmental Technology Suppliers (AMECMA):
http://www.amec.es/amec/ServletControler?accion=amecma_presenta&idSector=4&idSector=4
Ambientum (on-line environmental B2B portal): http://www.ambientum.com/

Gateway to the European Union: http://europa.eu/index_en.htm

EU on-line news bulletin: http://www.aquieuropa.com/

Commercial Service Spain: http://export.gov/spain/
Environmental Sector Specialist: Carmen Adrada, Tel: +34 91 3081542, Fax: + 34 91 5630859, e-mail:carmen.adrada@trade.gov

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Information & Communication Technology

Overview

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Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	106,873,965	107,636,700	110,383,795	112,001,918
Total Local Production	99,403,829	100,175,100	102,856,915	104,399,769
Total Exports	12,865,219	13,031,527	13,514,874	13,650,023
Total Imports	20,335,349	20,493,127	21,041,755	21,252,172
Imports from the U.S.	606,158	596,994	631,653	637,565
Exchange Rate: 1 USD	0.7783	0.753	0.7297	0.7297

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: Unofficial estimates using data from local sources

The ICT sector in Spain is clearly affected by the overall economic situation in Spain, as major investment decisions and in IT upgrades were reconsidered or postponed. This has been particularly relevant in the public sector investment in ICT at all levels of government. Nevertheless, Spain is one of the largest economies in the European Union, and industry specific solutions will continue to find good opportunities in the private sector. The United States is considered a supplier of innovative products and services.

In the telecommunications area, Telefonica is the dominant player in most market niches. The recent agreement by Vodafone to acquire Spanish cable-network operator Ono is expected to drive additional mergers and acquisitions in the Spanish market. A growth segment of the business is represented by FTTH (Fiber to the home). Telecommunication services in Spain have undergone a consolidation process in recent years that is expected to continue in the near future, including that of large media groups.

U.S. multinationals in IT equipment and software have a very strong position in the Spanish market. More than 70 percent of ICT-related company headquarters are located in two autonomous regions, Madrid and Catalonia (the region including Barcelona). The number of ICT companies in Spain is estimated at 30,000. Wholesalers and distributors play an important role in the market.

Since 2000, under the Information Technology Agreement, to which the EU is a signatory, there is no tariff on computer equipment and software sourced from the United States.

This summary includes data from information technology, telecommunications equipment and services, consumer electronics and digital services.

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The consumer area will benefit from increased penetration of smartphones, offering opportunities for multiple digital apps. In the corporate area cloud services, Machine-to-Machine technology (M2M) and information security are expected to evolve positively in coming years.

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The current exchange rate between the euro and the dollar enhances opportunities for U.S.-based in the services area, especially for the business sector, as the economy is expected to pick up pace in 2014. U.S. cloud-based services will likely benefit from increased adoption of the technology by Spanish companies.

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Spanish Markets and Competition Commission www.cnmc.es

Secretary of State for Telecommunications and Information Society:
www.minetur.gob.es/telecomunicaciones

Spanish ICT Association (AETIC) www.ametic.es

Spanish Digital Economy Association www.adigital.org

National Institute of Communication Technology www.inteco.es

Trade Events

SIMO Trade Show: www.simo.ifema.es

Cloud &Network Future Trade Show: www.cnf2014.aslan.es

Mobile World Congress Barcelona www.mobileworldcongress.com

Media

IT magazine www.computing.es

Commercial Service Spain: www.export.gov/spain
E-Commerce Sector Specialist: Jesus Garcia, Tel: +34 91 308 1578,
Fax: +34 91 563 0859, E-mail: jesus.garcia@trade.gov

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Medical Equipment and Devices

Overview

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Unit: USD millions

Medical Equipment	2012	2013	2014 estimated	2015 estimated
Total Market Size **	8,300,000	9,030,544	9,598,000	9,742,000
Total Exports	2,540,000	2,764,940	2,938,000	2,996,000
Total Local Production	4,952,000	5,569,721	6,048,000	6,186,000
Total Imports	5,888,000	6,225,763	6,488,000	6,552,000
Direct Imports from the U.S.	1,766,000	1,556,440	1,946,000	1,965,000
Exchange rate: 1USD	0.7783	0.7530	0.7297	0.7297

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 47 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 represent 80-85 percent of the market. These entities include public hospitals, health centers, research institutes, etc. The private healthcare sector accounts for approximately 10 – 15 percent of the market. 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 turnover. Large companies account for only 8 percent of the market but they generate approximately 60 percent of the turnover. Most of the large US names are well- established in Spain.

As the result of government measures to reduce the current budget deficit, the level of procurement in the healthcare sector dropped dramatically. According to FENIN, the Spanish Healthcare Technology Federation, the overall official healthcare budget decreased by 7.8 percent in 2013. Five of the 17 regional healthcare budgets experienced two-digit budget cuts. Pricing has now become a deciding factor. Sector sources indicate that the level of domestic activity dropped by approximately 5 percent for these reasons, taking it back to 2008 levels. No official statistics are available for the sector as a whole. The above figures are not all-inclusive but reflect market trends. According to the FENIN annual report, the impact has not been the same across the board. The sectors that showed a slight increase include ophthalmology, absorbents, medical probes, and osteotomy. In contrast, electro medical devices continue to decrease due to the reduction in acquisition and/or renewal of new equipment in the hospitals; other areas that experienced negative growth include: cardiology (-6percent); trauma implants (-2 percent); in vitro diagnostics (- 6 percent). Several other areas continued the downward trend of 2012, including nephrology (-5 percent), disposables (-6 percent) home care oxygen therapy and medicinal gases (- 2 percent), as also dressings and wound treatments (-4 percent).

The sector continues to rely heavily on imports. Despite the cutbacks, imports in 2013 increased by 1 percent to USD 6.2 billion. Germany accounts for approximately 50 percent of the imports, while the United States has approximately 25 – 30 percent of the market share. Many U.S. companies centralize their products in other EU countries where the import requirements are less demanding and then trans-ship their products to other EU markets.

Spanish manufacturers are compensating for the drop in domestic activity by stepping up their international activities. Medical device exports from Spain have increased 13 percent since 2008. The figure for 2013 was USD 2.7 billion, a 1 percent increase over the previous year. Sixty percent of the exports go to 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. In the private sector, tenders are not used. 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.

Although the Central Government authorizes the full amount of the healthcare budget, each of the 17 regional governments administers its respective budget. All the regional governments have made substantial reductions in their budgets, in some cases with double-digit adjustments. Given the weight of the healthcare sector in the Spanish economy, the impact of the budgetary adjustments is visible at all levels. Payments by regional and municipal authorities started to accumulate again in 2013 and stood at USD 3.1 billion with a waiting period of 380 days as of the end of the year. The Government authorized special funding in early 2014 to liquidate the outstanding reimbursements and legislation has been enacted to ensure that future obligations be met in a timely manner. However, the drop in demand, exacerbated by the reimbursement delays and a severe credit crunch, caused serious cash flow problems for numerous distributors/importers. Many currently prefer to focus their efforts on essential basic products rather than on new products that require investment without any guarantee of generating demand for the products. While U.S. products are highly considered in Spain, pricing is now a decisive factor, with greater emphasis on cost-effective products and equipment rather than on innovation and quality.

Medical products and devices must have the CE mark and need to be imported by a company authorized to handle medical products. 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.

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

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Prior to the current crisis, diagnostics, orthopedics and disposable items had accounted for 70 percent of the market. Once the market recovers, best products would include innovative and efficient cardiology, respiratory/anesthesia, neurology, orthopedic, MRA, ETP, CT, and dermatology/wound treatment products. Due to an 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.

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A good venue to meet with Spanish professionals is the Medica trade fair that takes place every November in Düsseldorf, Germany. This fair has traditionally been very popular with Spanish manufacturers and distributors. Many of the Spanish manufacturers that exhibit at Medica also import products.

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Spanish Ministry of Health: http://www.msps.es/en/home.htm
Secretary of State for Commerce, Ministry of Economy and Competitiveness, Foreign Trade

Statistics: http://datacomex.comercio.es/principal_comex_es.aspx

Association: The Spanish Federation of Manufacturers, Exporters and Importers of medical devices (FENIN): www.fenin.es

Directory: The Guia Puntex: importers, exporters and manufacturers of medical devices: www.puntex.es

Commercial Service Spain: www.export.gov/spain
Commercial Specialist for Medical Equipment: Helen Crowley, Tel: + 34 91 308 1548, Fax: +34 91 563 0859, e-mail: helen.crowley@trade.gov

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Outbound Tourism to the United States

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Unit: USD thousands

Total Inbound/outbound Travelers to/from Spain	2012	2013*	2014 (estimated)	2015 (estimated)
Inbound travelers Outbound *	57,464 12,185	60,661 11,045	63,700 11,500	65,611 11,845
Receipts (USD) Payments (USD)	56,265 15,306	60,431 16,267	62,850 17,457	66,800 17,980
Outbound Spanish Travel to the U.S.				
Number of travelers Travel Receipts (USD)*	607 932	620 985	638 1,048	651 1,067
Exchange Rate: 1 USD	0.7783	0.7530	0.7297	0.7297

Data Sources: Spanish Market: IET (Spanish Tourism Institute),
U.S. Market: Dept .of Commerce Office of Travel & Tourism - OTTI/USDOC
** Figures for 2013 pending release.*

Spain is not only one of the world's leading tourism destinations; it is also now an important source of outbound tourists to a number of countries, including the United States.

The sector is a major component of the Spanish economy, accounting for almost 11 percent of the country´s GDP. In terms of employment, the sector represents over 11 percent of the active population. Figures released in late January 2014 by the Ministry of Industry, Commerce and Tourism, indicate that the number of visitors and receipts in 2013 had increased by 2.8 percent over 2012, with Spain ranking second worldwide in terms of receipts, following the United States.

Approximately, 620,000 Spaniards traveled to the U.S. in 2013, reflecting the start of a turnaround in the Spanish economy. The number of Spanish visitors had dropped 9.6 percent the previous year. Despite this substantial decrease, the United States had been the only long-haul market that held its own throughout 2012. The forecast is that the country will slowly recover the 2011 level when Spanish arrivals hit the 700,000 mark. Spain is the fifth largest European market for the United States and is the 16th largest international market.

Conservative estimates for 2015 show Spanish arrivals to the United States in the 651,000 range. Within Western Europe, in terms of the number of travelers to the United States, Spain ranks fifth behind the U.K., Germany, France, and Italy.

European destinations accounted for approximately 78 percent of trips made outside of Spain, The most popular destinations are France, Portugal and Italy, followed by the

U.K., and Germany. The African continent accounts for eight percent of long-haul travel, with Morocco leading the way with over six percent of the travelers. The Americas accounts for almost 10 percent of long distance travel, with over three percent visiting North America. 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.

According to U.S. Dept. of Commerce (TINET) statistics, Spanish travel habits (net purpose) are as follows: leisure and visits to friends and relations – 73 percent; business and convention - 19 percent. The ongoing interest of Spanish companies in investing in the United States will increase the volume of business travel.

The number of travelers making their arrangements directly continues to rise. Top product categories for online purchases by consumers are travel and hotel, ticket services. In 2012, the number of visitors claiming to use pre-paid packages when traveling to the United States increased to 14 percent, an increase of one percent over the previous year.

The regions that generate most U.S.-bound travelers are Madrid, Barcelona, Valencia and the Basque Country (in the north of Spain).

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The most popular state destinations continue to be New York, Florida, California, Colorado (ski + drive), followed by Arizona with its Grand Canyon, and Nevada with Las Vegas. 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 to the Colorado area. The ongoing favorable exchange rate is an important reason for this increase, although growing sophistication on the part of the Spanish client is also a factor.

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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, 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 very 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, Atlanta, Dallas, Chicago, Miami, and Charlotte, N.C.

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.

U.S. destinations should actively promote themselves among the tour operators and the travel press in this promising market.

Spain's premier travel and tourism fair, FITUR, will take place in Madrid January 28-February 1, 2015. FITUR is Spain and Latin America's premier annual forum for the tourism and travel sector. It is an excellent showcase for U.S. travel and tourism entities and destinations. The fair is a priority for the U.S. Commercial Service Spain office, which actively supports the U.S. Department of Commerce´s, certified Discover America pavilion at FITUR.

The VisitUSA Committee also focuses on creating greater awareness and knowledge of the United States and promoting U.S. destinations. The United States Commercial Service in Spain (CS Spain) and the VisitUSA Committee collaborate closely in promoting the opportunities of the Spanish travel market to selected U.S. destinations. They look forward to working with motivated U.S. destinations to arrange FAM trips, workshops, and seminars to assist Spanish tour operators, travel agents, and the travel press to learn more about U.S. destinations.

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Spanish Ministry of Industry, Energy & Tourism: http://www.minetur.gob.es/turismo/en-US/Paginas/IndexTurismo.aspx
Spanish Tourism Institute: www.iet.tourspain.es

U.S. Dept. of Commerce Office of Travel & Tourism Industries:
http://www.tinet.ita.doc.gov

VisitUSA Committee: www.visitusa-spain.com

Trade Event
FITUR 2015: CS Madrid supports a U.S. Pavilion at this annual Travel and Tourism Fair, held in Madrid in January (Jan. 28 - Feb 1, 2015). www.ifema.es

Media
Website: hosteltur.es: http://www.hosteltur.com/
Daily Press: Nexotur, www.nexotur.es

Commercial Service Spain: www.export.gov/spain
Tourism Sector Specialist: Helen Crowley, Tel: +34 91 308 1548,
Fax: +34 91 563 0859 E-mail: helen.crowley@trade.gov

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Agricultural Sectors

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Tree Nuts

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Unit: USD thousands

Spain	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	2,202,387	2,825,078	2,750,000	2,750,000
Total Local Production	2,100,527	2,633,302	2,600,000	2,600,000
Total Exports	489,160	604,603	650,000	660,000
Total Imports	591,020	796,379	800,000	810,000
Imports from the U.S.	381,184	477,029	500,000	510,000
Average Exchange Rate:	0.7783	0.7530	0.7297	0.7297

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 0802 (Nuts NESOI, Fresh or dried).

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Spain is a major import market for tree nuts and the United States is the primary supplier to the national market. U.S. exports are led by almonds, valued at over USD 360 million in 2013, followed by walnuts and pistachios. In Spain, nuts are consumed mainly as a snack food and as an ingredient for confectionary products.

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. Imports of nuts continue to increase year-on-year. Spanish companies are boosting the amount of nuts they export because domestic consumption has been shrinking in the last years. 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 importing inroads in the Spanish market.

The California almond industry and USDA developed a Voluntary Aflatoxin Sampling Plan (VASP) comparable to the EU sampling procedures so that almonds can be uniformly tested before they are shipped to the EU. The EU considered the guarantees provided by the program to be sufficient to reduce the import controls on U.S. almonds shipped under the VASP program to random levels from January 2010 onwards (Commission Regulation 1152/2009). Almonds shipped without a VASP certificate had been subject to 100 percent border controls in the original Commission Regulation 1152/2009; however, the regulation was amended in March 2012 to no longer authorize imports without a VASP (Commission Regulation 274/2012). The Decision applies to in shell, shelled and roasted almonds, and mixtures of nuts or dried fruits containing almonds, and foodstuffs containing a significant amount of almonds (at least 20 percent).

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Almond Board of California:
http://www.almondboard.com/Handlers/Pages/Default.aspx

Ministry of Agriculture, Food and Environment (MAGRAMA):
http://www.magrama.gob.es

California Walnut Commission: http://www.walnuts.org/walnuts

FAS USEU Mission : http://www.usda-eu.org/

FAS GAIN Attaché Reports: http://gain.fas.usda.gov/Pages/Default.aspx

FAS Madrid Contact: AgMadrid@fas.usda.gov

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Pulses/Legumes

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Unit: USD thousands

Spain	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	214,187	242,358	283,900	284,000
Total Local Production	105,278	129,280	185,300	185,300
Total Exports	7,565	7,616	8,100	8,100
Total Imports	116,474	120,694	106,700	106,800
Imports from the U.S.	26,085	34,422	31,000	31,000
Average Exchange Rate:	0.7783	0.7530	0.7297	0.7297

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 Codes071340, 071320, 071333 (Lentils, Chickpeas and Dry beans)

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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, while dry legumes consumption has followed a downward trend. The increased interest in consumption and the limited domestic supply of dry beans opens opportunities for imports to the country. U.S. exports are led by lentils followed by chick peas. Furthermore, Spanish companies also process and re-export dry edible beans within the EU market.

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Ministry of Agriculture, Food and Environment (MAGRAMA): www.magrama.gob.es

United States Dry Bean Council and USA Dry Peas and Lentil Council: http://www.legumechef.com

FAS USEU Mission : http://www.usda-eu.org/

FAS GAIN Attaché Reports: http://gain.fas.usda.gov/Pages/Default.aspx

FAS Madrid Contact: AgMadrid@fas.usda.gov

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Distilled Spirits

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Unit: USD thousands

Spain	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	3,302,100	3,281,659	3,248,000	2,810,000
Total Local Production	2,842,887	2,883,372	2,850,000	2,810,000
Total Exports	736,430	816,110	817,000	818,000
Total Imports	1,195,643	1,214,397	1,215,000	1,216,000
Imports from the U.S.	104,602	159,920	160,000	161,000
Average Exchange Rate:	0.7783	0.7530	0.7297	0.7297

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

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In spite of being one of the categories that has been more affected by the adversity of the economic situation within alcoholic drinks, imports of spirits recovered in 2013. According to Euromonitor, about 70 percent of the spirits consumed within the Spanish territory comes from imports. Rum and whiskies are the main imported categories (rum and bourbon from the United States).

The main players within the spirits category have been active in introducing premium and super premium brands in the market due to its higher margins. Increasing consumer sophistication will benefit premium and super premium brands, especially rum and gin categories, but also bourbon.

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Ministry of Agriculture, Food and Environment (MAGRAMA): http://www.magrama.gob.es

FAS USEU Mission : http://www.usda-eu.org/

FAS GAIN Attaché Reports: http://gain.fas.usda.gov/Pages/Default.aspx

FAS Madrid Contact: AgMadrid@fas.usda.gov

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Seafood

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Unit: USD thousands

Spain	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	8,027,056	8,036,327	8,035,000	8,030,000
Total Local Production	5,550,000	5,560,000	5,550,000	5,550,000
Total Exports	2,945,425	2,946,129	2,950,000	2,960,000
Total Imports	5,423,281	5,422,456	5,425,000	5,430,000
Imports from the U.S.	112,603	111,830	112,000	113,000
Average Exchange Rate:	0.7783	0.7530	0.7297	0.7297

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 03 (Fish and Crustaceans, Mollusks and other aquatic invertebrates)

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Spain is an enormous market for fish and seafood. In 2013, Spain was the third largest importer of fish and seafood in the world and is a net importer of these products, after Japan and the United States. Spain has a high per capita consumption of 39 kg per capita and has 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.

According to Euromonitor, although consumption of fish and seafood is set to continue falling in Spain during 2013 due to the ongoing economic recession, consumption of fish and seafood is still expected to rebound from 2014 onwards, with growth driven by the anticipated recovery of the Spanish economy.

Top sellers from the United States in 2013 include lobsters, cod, surimi and hake.

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Ministry of Agriculture, Food and Environment (MAGRAMA) - Fishing
http://www.magrama.gob.es/es/pesca/temas/default.aspx

NOAA Fisheries "How to export seafood to the European Union":
http://www.seafood.nmfs.noaa.gov/Howtoexportseafood2013.pdf

NOAA Seafood Inspection Program: http://www.seafood.nmfs.noaa.gov/EU_Export.html

FAS USEU Mission : http://www.usda-eu.org/

FAS GAIN Attaché Reports: http://gain.fas.usda.gov/Pages/Default.aspx
FAS Madrid Contact: AgMadrid@fas.usda.gov

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Cereals

Overview
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Unit: USD thousands

Spain	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	10,071,971	7,774,940	9,863,000	9,500,000
Total Local Production	6,658,752	5,242,380	6,763,000	6,400,000
Total Exports	485,472	591,685	450,000	450,000
Total Imports	3,898,691	3,124,245	3,550,000	3,550,000
Imports from the U.S.	150,552	148,717	150,000	150,000
Exchange Rate:	0.7783	0.7530	0.7297	0.7297

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
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Depending on the size of the domestic grain crop Spain has a grain deficit of between 9 and 12 million metric tons. Bulk commodity trading companies based in Spain are the main gateway to the Spanish feed and food grains market. Feed production is expected to remain stable, and Spain will continue importing grains to meet its structural grains shortfall.

As far as food grains are concerned U.S. exports of wheat to Spain amount to nearly 450,000 MT every year. Wheat imports from the United States consist mainly in food grade soft wheat. Differently from other EU countries, Spain is a net exporter of durum wheat so durum imports are negligible.

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Ministry of Agriculture, Food and Environment (MAGRAMA): http://www.magrama.gob.es

FAS USEU Mission : http://www.usda-eu.org/

FAS GAIN Attaché Reports: http://gain.fas.usda.gov/Pages/Default.aspx

FAS Madrid Contact: AgMadrid@fas.usda.gov

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Organic Products

Opportunities

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The European Union and the United States recently announced that beginning June 1, 2012, organic products certified in Europe or in the United States may be sold as organic in either region. This partnership between the two largest organic-producers in the world will establish a strong foundation from which to promote organic agriculture, benefiting the growing organic industry and supporting jobs and businesses on a global scale.

The organics sector in the United States and European Union is valued at more than $50 billion combined, and rising every year.

As Spain is the largest organic producer of fresh produce in the European Union, it is likely that the main opportunities will come from processed U.S. organic products. For more details, please read the EU-27 GAIN report (NL3003) on export opportunities for U.S. organics in the EU market.

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Ministry of Agriculture, Food and Environment (MAGRAMA): http://www.magrama.gob.es

FAS USEU Mission : http://www.usda-eu.org/

FAS GAIN Attaché Reports: http://gain.fas.usda.gov/Pages/Default.aspx

FAS Madrid Contact: AgMadrid@fas.usda.gov

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Chapter 5: Trade Regulations, Customs and Standards

Import Tariffs

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As of January 1, 2003, import tariffs are not applied to goods or services traded within EU-member states. Goods from outside the European Union, including those from the United States, are charged the EU's Common External Tariff. U.S. goods are taxed according to the standard EU duty rate. Spain uses the Harmonized System of tariff nomenclature for applying duties, and it has been a member of the World Trade Organization since 1995.

Import documentation and tariffs for agricultural products are similar to those of other EU countries. Some agricultural commodities are tariff free or subject to minimal tariffs, such as soybeans, sunflower seeds, corn by-products and lumber. 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.

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 may be obtained from the websites:
http://ec.europa.eu/taxation_customs/dds/tarhome_en.htm
http://www.taric.es/

Trade Barriers *Return to top*

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 recently 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.

There are still limitations to biotech trade in Spain – for example, only events approved by EU authorities can be marketed inside the country. While a certain tolerance was implemented for feed grains in 2011, a low-level presence of unapproved biotech events prevents Spanish importers from a greater trade of food grains. However, in terms of cultivation, Spain remains the largest producer of MON810, with about 90 percent of the total acreage planted in the EU-27 in 2013.

In July 2013, President Obama announced that the United States and the European Union (EU) would be launching negotiations on a Transatlantic Trade and Investment Partnership (T-TIP) agreement. In May 2014, both sides issued an announcement confirming the commitment to continue to work towards concluding expeditiously a comprehensive and ambitious agreement. This partnership will strengthen an economic partnership that already accounts for nearly half of global output and supports three-quarters of a trillion euros in bilateral trade, and almost 3 trillion euros in investment, and 13 million jobs on both sides of the Atlantic.

In May 1999, the Spanish Parliament incorporated the EU Television without Frontiers Directive and revised the 1994 Spanish law on television broadcasting. The 1999 law explicitly requires television operators to reserve 51 percent of their annual broadcast time for European audiovisual (AV) productions. It also created an "investment quota," obliging television operators to devote five percent of their annual earnings to finance European feature-length films and films for European television. This investment quota was further defined in July 2001 legislation – 60 percent of the investment quota must be 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 non-European Economic Area countries.

In December 2007, the Spanish government approved a new Cinema Law implemented by a Royal Decree of December 2009. 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 also contains anti-piracy measures. The regulation also changes mandatory proceedings that film production companies are obliged to make with Spanish authorities, simplifying the process in order 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. The regulation also 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 will also be 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. Five years after the entry into force of this Law, the Ministry of Culture will evaluate the cultural, economic and industrial impact of the screen quota.

On June 30, 2010, the legislature of the autonomous region of Catalonia passed a new Film Law, one of whose objectives is to promote Catalonian-language cinema. It requires that half the copies of any film distributed in the region and dubbed or subtitled into Spanish be dubbed or subtitled into Catalonian. The law does not appear to be inconsistent with Spain's trade obligations, though some of its wording suggests protectionism. However, major U.S. film studios have argued that the law's impact falls disproportionately on the U.S. industry, as Spanish-language films are not affected and there are certain exceptions for EU-origin films. The Catalonian film law came into force on January 16, 2011 without the implementing regulations. In June 2012, the European Commission required a modification of the Catalonia Film Law to put an end to discriminatory rules that hampered the distribution of non-Spanish films. The EC deemed the Catalonian law to be contrary to EU rules on the free movement of services.

Trade Disputes

For information on existing trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available through the following website:
http://www.ustr.gov/sites/default/files/2013%20NTE%20European%20Union%20Final.pdf

Information on agricultural trade barriers can be found at the following website:
http://www.fas.usda.gov/posthome/useu/

To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center at http://www.trade.gov/tcc or the U.S. Mission to the European Union at http://www.buyusa.gov/europeanunion.

Import Requirements and Documentation

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The Integrated Tariff of the Community, referred to as TARIC (*Tarif Intégré de la Communauté*), is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a license is required for a particular product, check the TARIC.

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.
http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm

Many EU member states maintain their own list of goods subject to import licensing. For information relevant to member state import licenses, please consult the relevant member state Country Commercial Guide: EU Member States' Country Commercial Guides or conduct a search on the Commerce Department's Market Research Library, available at: http://www.export.gov/mrktresearch/index.asp

Import Documentation

The Single Administrative Document

The official model for written declarations to customs is the Single Administrative Document (SAD). Goods brought into the EU customs territory are, from the time of their entry, subject to customs supervision until customs formalities are completed. Goods are covered by a Summary Declaration that is filed once the items have been presented to customs officials. The customs authorities may, however, allow a period for filing the Declaration that cannot be extended beyond the first working day following the day on which the goods are presented to customs.

The Summary Declaration is filed by:

- the person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or
- the person in whose name the person referred to above acted.

The Summary Declaration can be made on a form provided by the customs authorities. However, customs authorities may also allow the use of any commercial or official document that contains the specific information required to identify the goods. The SAD serves as the EU importer's declaration. It encompasses both customs duties and VAT and is valid in all EU Member States. The declaration is made by whoever is clearing the goods, normally the importer of record or his/her agent.

More information on the SAD is available at:
http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/sad/

Non-EU goods presented to customs must be assigned a customs-approved treatment or use authorized for such non-Community goods. Where goods are covered by a summary declaration, the formalities for them to be assigned a customs-approved treatment or use must be carried out:

- 45 days from the date on which the summary declaration is lodged in the case of goods carried by sea;
- 20 days from the date on which the summary declaration is lodged in the case of goods carried other than by sea.

Where circumstances so warrant, the customs authorities may set a shorter period or authorize an extension.

The Modernized Customs Code (MCC) of the European Union is expected to be fully in place by June 2013. Some facets of the MCC have already been implemented including

EU wide Economic Operators Registration and Identification (EORI) numbers. The MCC replaces existing Regulation 2913/92 and simplifies various procedures such as introducing a paperless environment, centralized clearance, and more. Check the EU's Customs website periodically for updates:
http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/community_code/index_en.htm

New U.S. - EU Mutual Recognition Arrangement (MRA)

Since 1997, the U.S. and the EU have had an agreement on customs cooperation and mutual assistance in customs matters. For additional information, please see http://ec.europa.eu/taxation_customs/customs/policy_issues/international_customs_agreements/usa/index_en.htm

In 2012, the U.S. and the EU signed a new Mutual Recognition Arrangement (MRA) aimed at matching procedures to associate one another's customs identification numbers. The MCC introduced the Authorized Economic Operator (AEO) program (known as the "security amendment"). This is similar to the U.S.' voluntary Customs-Trade Partnership against Terrorism (C-TPAT) program, in which participants receive certification as a "trusted" trader. AEO certification issued by a national customs authority is recognized by all member state's customs agencies. An AEO is entitled to two different types of authorization: "customs simplification" or "security and safety". The former allows for an AEO to benefit from simplifications related to customs legislation, while the latter allows for facilitation through security and safety procedures. Shipping to a trader with AEO status could facilitate an exporter's trade as its benefits include expedited processing of shipments, reduced theft/losses, reduced data requirements, lower inspection costs, and enhanced loyalty and recognition.

The U.S. and the EU recognize each other's security certified operators and will take the respective membership status of certified trusted traders favorably into account to the extent possible. The favorable treatment provided by mutual recognition will result in lower costs, simplified procedures and greater predictability for transatlantic business activities. The newly signed arrangement officially recognizes the compatibility of AEO and C-TPAT programs, thereby facilitating faster and more secure trade between U.S. and EU operators. The agreement is being implemented in two phases. The first commenced in July 2012 with the U.S. customs authorities placing shipments coming from EU AEO members into a lower risk category. The second phase will take place in 2013, with the EU re-classifying shipments coming from C-TPAT members into a lower risk category. The U.S. customs identification numbers (MID) are therefore recognized by customs authorities in the EU, as per Implementing Regulation 58/2013 (which amends EU Regulation 2454/93 cited above):
http://ec.europa.eu/taxation_customs/resources/documents/customs/procedural_aspects/general/implementing_regulation_58_2013_en.pdf

Additional information on the MRA can be found at:
http://www.cbp.gov/linkhandler/cgov/trade/cargo_security/ctpat/ctpat_program_information/international_efforts/eu_faq.ctt/eu_faq.pdf

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, AAI*) 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 US-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 are not very large, usually ranging between EUR 30 and 60.

Batteries

EU battery rules changed in September 2006 following the publication of the Directive on batteries and accumulators and waste batteries and accumulators (Directive 2006/66). This Directive replaces the original Battery Directive of 1991 (Directive 91/157). The 2006 Directive applies to all batteries and accumulators placed on the EU market including automotive, industrial and portable batteries. It aims to protect the environment by restricting the sale of batteries and accumulators that contain mercury or cadmium (with an exemption for emergency and alarm systems, medical equipment and cordless power tools) and by promoting a high level of collection and recycling. It places the responsibility on producers to finance the costs associated with the collection, treatment, and recycling of used batteries and accumulators. The Directive also includes provisions on the labeling of batteries and their removability from equipment. For more information, see our market research report: http://www.buyusainfo.net/docs/x_4062262.pdf

REACH **i**s a major reform of EU chemicals policy, adopted in December 2006, and enacted in the 27 EU member states in June 2007 (Regulation 1907/2006). Virtually every industrial sector, from automobiles to textiles, is affected by the new policy. REACH stands for the "Registration, Evaluation, Authorization, and Restriction of Chemicals." Since June 1, 2008, REACH requires chemicals produced or imported into the EU in volumes above 1 ton per year to be registered with a central European Chemicals Agency (ECHA), including information on their properties, uses and safe ways of handling them. Chemicals pre-registered before December 1, 2008 benefit from extended registration deadlines, from three to eleven years depending on the volume of the substance and its hazardous properties. U.S. companies without a presence in Europe cannot register directly and must have their chemicals registered through their importer or EU-based 'Only Representative of non-EU manufacturer. A list of Only Representatives can be found on the website of the U.S. Mission to the EU: http://www.buyusa.gov/europeanunion/reach.html.

U.S. exporters to the EU should carefully consider the REACH 'Candidate List' of substances of very high concern. Substances on that list are subject to communication requirements, and, at a later stage, may require authorization for the EU market. For more information, see the ECHA website:
http://echa.europa.eu/chem_data/authorisation_process/candidate_list_table_en.asp

WEEE & RoHS

EU rules on Waste Electrical and Electronic Equipment (WEEE), while not requiring specific customs or import paperwork, may entail a financial obligation for U.S. exporters. They require U.S. exporters to register the products with a national WEEE authority, or arrange for this to be done by a local partner. Similarly, related rules for EEE Restricting the Use of Hazardous Substances (RoHS) lead, cadmium, mercury, hexavalent chromium, PBBs, and PBDEs, do not entail customs or importation paperwork. However, U.S. exporters may be asked by a European RoHS enforcement authority or by customers to provide evidence of due diligence in compliance with the substance bans on a case-by-case basis.

For the latest information on WEEE and RoHS regulations U.S. exporters should visit: http://eur-lex.europa.eu/en/index.htm

Cosmetics Regulation

A new EU new regulation on cosmetic products came into effect on July 11, 2013. The new law introduces an EU-wide system for the notification of cosmetic products and a requirement that companies without a physical presence in the EU must appoint an EU-based representative.

In addition, on March 11, 2013, the EU imposed a ban on the placement on the sale of cosmetics products that contain ingredients that have been subject to animal testing. This ban does not apply retroactively but does capture new ingredients. Of note, in March 2013, the Commission published a Communication stating that this ban would not apply to ingredients where safety data was obtained from testing required under other EU legislation that did not have a cosmetic purpose.

For more information on animal testing, see:
http://ec.europa.eu/consumers/sectors/cosmetics/animal-testing

For general information, see:
http://export.gov/europeanunion/accessingeumarketsinkeyindustrysectors/eg_eu_044318.asp

Agricultural Documentation

Phytosanitary Certificates: Phytosanitary certificates are required for most fresh fruits, vegetables, and other plant materials.

Sanitary Certificates: Certification of animals and animal products is harmonized across the EU in a three-part process. First, the EU must recognize a country as eligible to export a particular animal or animal product. The EU recognizes the U.S. for all animal products. For several products, the EU has approved lists of establishments submitted by U.S. government agencies. Only products processed at these approved establishments may enter the EU. Various U.S. agencies including the Food Safety and Inspection Service (FSIS), the Animal and Plant Health Inspection Service (APHIS), the Agricultural Marketing Service (AMS) and the Food and Drug Administration (FDA) are involved in the listing process of U.S. establishments. Such establishments may be subject to EU inspections. Up-to-date information on harmonized import requirements can be found at the USEU Mission webpage.

Sanitary Certificates (Fisheries): In April 2006, the European Union declared the U.S. seafood inspection system as equivalent to the European one. Consequently, a specific public health certificate must accompany U.S. seafood shipments. This status does not apply yet to the export of live bivalve mollusks and their derived fishery products (scallops). This recognition facilitates seafood trade between the US and the EU as it removes technical barriers such as 100 percent controls at border inspection posts and restricted circulation of US seafood products limited to the country of “first port of entry.” Furthermore, it creates a framework under which Member States do not have the possibility to impose national requirements on US seafood exporters in addition to EU harmonized legislation anymore. However, differences of interpretation amongst member states often lead to delays at border inspection posts.

Since June 15, 2011, shipments of fishery and aquaculture products must be accompanied by a certificate according to the model published on the NOAA Seafood Inspection Program web site. This new certificate is a combination of Commission Decision 2006/199/EC (for the public health part) and Regulation 1250/2008. This certificate is valid for both fishery and aquaculture products. Processed mollusks as well as frozen scallops are considered as fishery products and should be accompanied by the certificate.

Commission Decision 2006/766/EC contains the list of countries and territories from which imports of fishery products and bivalve mollusks, echinoderms, tunicates and marine gastropods are permitted. One may note that the US does not appear in the list of countries authorized to export bivalve mollusks, echinoderms, tunicates and marine gastropods. This means that, unlike for fishery products, the US inspection system for shellfish is not equivalent to the EU one. The US and the EU are currently negotiating a veterinary equivalency agreement but lack of progress from both sides has led the EU to adopt a ban of all US shellfish per Commission Decision 2009/951*.* However, article 1, paragraph 2 of the Decision 2006/766/EC, mentioned above, indicates that any third country, not listed in the Decision can export adductor muscles of wild *Pectinidae* completely separated from the viscera and gonads. In other words, the EU accepts "roe-off" scallops from the US provided that they are wild caught. In this case, a public health certificate for fishery products complying with Decision 2006/199/EC is required.

Since 2009, the unique U.S. competent authority for issuing sanitary certificates for fishery and aquaculture products is the U.S. Department of Commerce, National Marine Fisheries Service (NOAA-NMFS).

In addition to sanitary certificates, all third countries wishing to export fishery products to the EU are requested to provide a catch certificate. This catch certificate certifies that the products in question have been caught legally.

For detailed information on EU import documentation for seafood, please see the NOAA report "How to Export Seafood to the European Union- October 2013 Update", contact the NOAA Fisheries office at the U.S. Mission to the EU (stephane.vrignaud@trade.gov) or visit the following NOAA dedicated web site.

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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 at: http://www.bis.doc.gov/licensing/exportingbasics.htm

BIS has developed a list of "red flags," or warning signs, intended to discover possible violations of the EAR. These are posted at:
http://www.bis.doc.gov/enforcement/redflags.htm

Also, BIS has "Know Your Customer" guidance at:
http://www.bis.doc.gov/Enforcement/knowcust.htm

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 at: https://www.bis.doc.gov/forms/eeleadsntips.html

The EAR does not control all goods, services, and technologies. Other U.S. government agencies regulate exports that are more specialized. 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.

In general, exports of U.S.-made products to Spain are not subject to specific requirements. However, certain aerospace/defense items require export licenses if they are considered "dual use" with defense or military use. The Department of Commerce's Bureau of Industry and Security (BIS) issues export licenses (www.bis.doc.gov/Licensing/index.htm).

If an application is approved, the company will receive a license number and expiration date to use on export documents. A BIS-issued license is usually valid for 2 years. To see if a product needs an export license, please check: http://www.bis.doc.gov/licensing/exportingbasics.htm

For normal deliveries of U.S. goods to Spain, Spanish authorities only require regular documentation (bill of loading, copy of invoice, certificate of origin, copies of documents related to payment and insurance). Customs agents for U.S. firms should help their clients in the process of including all relevant documents in the delivery.

Spain became a member of COCOM in 1985, and now participates in the Wassenaar Arrangement that replaced COCOM. Spain is also a member of the Australian Group for Chemical Products Controls, the Missile Technology Control Regime (MTCR) and is a signatory of the Chemical Weapons Convention that became effective in 1995.

Temporary Entry

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The Spanish re-export system is regulated by Order of July 24, 1987, and 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 (http://www.export.gov/logistics/exp_000969.asp):

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.
http://www.export.gov/logistics/exp_000969.asp

Companies are advised to use the 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.

ATA carnets are predominantly used for commercial samples, tools of trade, advertising material or cinematographic, audio-visual, medical, scientific or other professional equipment that will be imported for a period of less than a year. The ATA carnet allows exporters to avoid normal customs clearance procedures, while also providing a financial guarantee to foreign customs officials so that if the goods are not re-exported, the duty will be paid. A bond equivalent to the duty is charged.

The ATA carnet is used internationally and should be distinguished from the EU carnet, sometimes referred to as the ESC carnet. Introduced in 1985, the EU carnet is used for the temporary movement of certain goods, usually equipment and working materials, between EU countries. Unlike the ATA carnet, it does not require the posting of a bond.

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:
http://www.export.gov/logistics/exp_000969.asp
http://www.uscib.org/index.asp?documentID=718

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.

Labeling and Marking Requirements

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An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in a market research report that is available at:
http://buyusainfo.net/docs/x_366090.pdf

Prohibited and Restricted Imports *Return to top*

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 Requirements and Documentation Section above.

http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm

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 preclude 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, which is enlarged as described in the report *EU Livestock and Products Annual 2013:*

"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. 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). Argentina and Brazil are in this order at different stages in the process of authorization as well."

At the beginning of June 2014, the quota fill was expected to slightly surpass the 40,000MT mark. The limited US supply and high international beef prices, besides the impact of the economic crisis, led to decreased consumption in the EU. The HQB quota will decrease again once the EU-Canada FTA is signed and a new Canada specific quota is implemented. More information is available on the website of the U.S. Mission to the EU."

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

http://europa.eu/legislation_summaries/external_trade/index_en.htm
http://ec.europa.eu/taxation_customs/customs/customs_controls/general/index_en.htm

Customs Regulations and Contact Information *Return to top*

Contact Information at National Customs Authorities:

At the Spanish level, the customs authority is the Agencia Tributaria (Tax Authority). Its website http://www.aeat.es includes a section with details on taxation for non-residents and on VAT refunds for non-established taxpayers:

Agencia Estatal de Administración Tributaria,
Departamento de Aduanas e Impuestos Especiales
Avda. Llano Castellano, 17
28034 Madrid
Phone: (34) 91-728-9450
Fax: (34) 91-729-2065
Web site: http://www.aeat.es
Non-resident income tax

The website of the Spanish chambers of commerce includes a useful checklist of import documents, including those requested by the Spanish customs authorities: http://casce.camaras.org/cascedoc/default.asp

***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 modernized Community Customs Code which provides for the completion of the computerization of customs

http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm

Homepage of Customs and Taxation Union Directorate (TAXUD) Website: http://ec.europa.eu/taxation_customs/customs/index_en.htm

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.

http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/index_en.htm

Customs and Security – The European Commission presented a series of measures to address security issues to the Parliament and Council in July of 2003.These measures can be found in two communications and a proposal for amending the Community Customs Code. This package brings together the basic concepts underlying the new security-management model for the EU's external borders, such as a harmonized risk assessment system. With the publication of the security amendment to the Community Customs Code (Regulation (EC) n° 648/2005 of 13 April 2005) the European Union introduced a number of measures to tighten security around goods crossing international borders. The measures will mean faster and better-targeted checks. The results are positive for customs authorities, the public and Industry.

The measures cover three 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);
- Provide reliable traders with trade facilitation measures see Authorized Economic Operator (AEO);
- Introduce a mechanism for setting uniform Community risk-selection criteria for controls, supported by computerized systems.

http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm

http://ec.europa.eu/taxation_customs/taxation/personal_tax/savings_tax/contact_points/index_en.htm

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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 created under the New Approach are harmonized across the 27 EU member states and European Economic Area countries to allow for the free flow of goods. A feature of the New Approach is CE marking. For a list of new approach legislation, go to http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index_en.htm

The concept of new approach legislation is likely to disappear as the New Legislative Framework (NLF), which entered into force in January 2010, was put in place to serve as a blueprint for existing and future CE marking legislation. Since 2010/2011, existing legislation has been reviewed to bring them in line with the NLF concepts.

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

Agricultural Standards

A general food law establishing the general principles of EU food law was passed in January 2002. This Regulation introduced mandatory traceability throughout the feed and food chain as of Jan 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website at: http://www.usda-eu.org/

There are also export guides to import regulations and standards available on the Foreign Agricultural Service's website: http://www.usda-eu.org/

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. (http://www.minetur.gob.es/en-US/Paginas/index.aspx)

Spanish Standards are developed by AENOR, the Spanish Standards & Certification Association. (www.aenor.es)

Standards Organizations Return to top

The setting of EU standards is a process based on consensus initiated by industry or mandated by the European Commission, carried out by independent standards bodies acting at the national, European or international level. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to actively participate in European standardization.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

- CENELEC, European Committee for Electrotechnical Standardization (http://www.cenelec.eu/Cenelec/Homepage.htm)
- ETSI, European Telecommunications Standards Institute (http://www.etsi.org/)
- CEN, European Committee for Standardization, handling all other standards (http://www.cen.eu/cenorm/homepage.htm)

Standards are created or modified by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the member states, which have "mirror committees" that monitor and participate in ongoing European standardization. CEN and CENELEC standards are sold by the individual member states standards bodies. ETSI is different in that it allows direct participation in its technical committees from non-EU companies that have interests in Europe and gives away some of its individual standards at no charge on its website. In addition to these three organizations, the European Commission also plays an important role in standardization through its funding of the participation in the standardization process of small- and medium-sized companies and non-governmental organizations, such as environmental and consumer groups. The Commission also provides money to the standards bodies when it mandates standards development to the European Standards Organization for harmonized standards that will be linked to EU technical legislation. Mandates can be checked on line at http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index_en.htm

Due to the EU's vigorous promotion and funding for its regulatory and standards system, the EU's standards regime is wide and deep - extending well beyond the EU's political borders to include affiliate members (countries which are hopeful of becoming full members in the future) such as Albania, Belarus, Israel, and Morocco among others. Another category, called "partner standardization body" includes the standards organization of Australia, Mongolia and Kyrgyzstan, which are not likely to become a CEN member or affiliate for political and geographical reasons.

To know what CEN and CENELEC have in the pipeline for future standardization, it is best to visit their websites. CEN's "sectors" page provides an overview by sector and/or technical committee whereas CENELEC offers the possibility to search its database.

ETSI's portal (http://portal.etsi.org/Portal_Common/home.asp) leads to ongoing activities.

With the need to adapt more quickly to market needs, European standards organizations have been looking for "new deliverables" which are standard-like products delivered in a shorter timeframe. While few of these "new deliverables" have been linked to EU legislation, expectations are that they will eventually serve as the basis for EU-wide standards. http://www.cen.eu/cenorm/products/cwa/index.asp

The European Standardization system and strategy was reviewed in 2011 and 2012. The new standards regulation, adopted in November 2012, clarifies the relationship between regulations and standards and confirms the role of the three European standards bodies in developing EN harmonized standards. The emphasis is also on referencing international standards where possible. For information, communication and technology (ICT) products, the importance of interoperability standards has been recognized. Through a newly established mechanism, a "Platform Committee" reporting to the European Commission will decide which deliverables from fora and consortia might be acceptable for public procurement specifications. The European standards bodies have been encouraged to improve efficiency in terms of delivery and to look for ways to include more societal stakeholders in European standardization.

Key Link: http://ec.europa.eu/enterprise/policies/european-standards/standardisation-policy/index_en.htm

Main Standards Organizations and Conformity Assessment Bodies in Spain:

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

AENOR **(**Asociación Española de Normalización y Certificación), the Spanish Standards & Certification Association (http://www.aenor.es) develops voluntary standards and certification programs. AENOR promotes and coordinates elaboration of Spanish standards, UNE (unified Spanish standards), and participates in international and European standardization bodies. www.aenor.es

The Spanish Ministry of Industry processes applications for homologation, and promotes certification and normalization for industrial products and processes and quality control procedures. http://www.minetur.gob.es/en-US/Paginas/index.aspx

AENOR website also includes a search engine for standards in Spain: http://www.aenor.es/desarrollo/normalizacion/normas/buscadornormas.asp

ENAC, National Accreditation Entity (www.enac.es) provides 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.

Authorized labs or certified bodies authorized by ENAC and AENOR grant certification once a norm is established (UNE norm for Spain, ISO international, etc.) Certification confirms that a firm, product, process, service or person follows the requirements established by a specific norm or technical specification.
(Insert text here)

NIST Notify U.S. Service
Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: http://www.nist.gov/notifyus/

Conformity Assessment

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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:
http://ec.europa.eu/enterprise/newapproach/nando/

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) www.enac.es and AENOR (Spanish Standards & Certification Association) www.aenor.es 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 is available at:
http://www.enac.es/web/enac/acreditados

Product Certification

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To sell products on the EU market of 27 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.

Accreditation

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Independent test and certification laboratories, known as notified bodies, have been officially accredited by national authorities to test and certify EU requirements.

"European Accreditation" is an organization representing nationally recognized accreditation bodies (http://www.european-accreditation.org/content/home/home.htm). Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible with EN45003 or ISO/IEC Guide 58.

Spain has established specific certification requirements for certain products. This certification procedure is referred to as "homologation", and requires product testing by approved laboratories. Local homologation requirements and testing standards have adapted Spanish legislation, which is in line with EU directives.

At present, there are no requirements for either ISO 9000 certification or its EU equivalent. Nonetheless, demand is growing for companies that meet these standards as a guarantee of quality in product and manufacturing processes.
http://www.ce-marking.org/
http://ec.europa.eu/enterprise/newapproach/legislation/guide/document/chap07.pdf

Publication of Technical Regulations

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In Spain, the Spanish National Gazette is Boletín Oficial del Estado (BOE). An English version of the website can be viewed at: http://www.boe.es/g/eng/index.php. 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 (www.aenor.es) and ENAC (http://www.enac.es/web/enac/la-revista-de-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 (http://eur-lex.europa.eu/JOIndex.do). It lists the standards reference numbers linked to legislation (http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index_en.htm).

National technical Regulations are published on the Commission's website http://ec.europa.eu/enterprise/tris/index_en.htm to allow other countries and interested parties to comment.

Labeling and Marking

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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 EU has mandated that certain products be sold in standardized quantities. Council Directive 2007/45/EC harmonizes packaging of wine and spirits throughout the EU. Existing national sizes will be abolished with a few exceptions for domestic producers. http://ec.europa.eu/enterprise/prepack/packsize/packsiz_en.htm

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 competency body of the member state in which the product is sold. The application fee will be somewhere between EUR 300 – 1,300 depending on the tests required to verify if the product is eligible. The eco-label also carries an annual fee equal to 0.15 percent of the annual volume of sales of the product range within the European community. However, the minimum annual fee is currently set at EUR 500 and maximum EUR 25,000.

There are plans to significantly reform the eco-label, reducing the application and annual fees and expanding the product ranges significantly. It is possible that future eligibility criteria will take into account carbon emissions.

Eco-label Home Page : http://ec.europa.eu/environment/ecolabel/index_en.htm

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. http://www.usda-eu.org/reports/

- *Food and Animal Feed*: New EU legislation requiring labeling and traceability in food and animal feed came into effect on April 18, 2004. As of this date, all 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. http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/eu-labeling-requirements/labeling-of-genetically-modified-products/

- *Agricultural products*: Labeling requirements are fully harmonized with the EU labeling system and labels must be in Spanish. http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/eu-labeling-requirements/

  The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, but it took until January 2002 for the publication of an EU general food law establishing general principles. This Regulation introduced mandatory traceability of the feed and food chain as of Jan 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website: http://www.usda-eu.org/

- *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 at: http://www.magrama.gob.es/en/agricultura/temas/sanidad-vegetal/productos-fitosanitarios/fitos.asp

- *Firearms: The Spanish gove*rnment 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.

Contacts Return to top

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28004 Madrid
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+34 902 102 201
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Trade Agreements *Return to top*

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 http://tcc.export.gov/Trade_Agreements/index.asp

Web Resources *Return to top*

United States:

National Trade Estimate Report on Foreign Trade Barriers:
http://www.ustr.gov/about-us/press-office/reports-and-publications/2012-1

Agricultural Trade Barriers: http://www.fas.usda.gov/posthome/Useu/

Trade Compliance Center: http://tcc.export.gov/

U.S. Mission to the European Union: http://useu.usmission.gov/

The New EU Battery Directive: http://www.buyusainfo.net/docs/x_8086174.pdf

The Latest on REACH:
http://export.gov/europeanunion/reachclp/index.asp

WEEE and RoHS in the EU:
http://export.gov/europeanunion/weeerohs/index.asp

Overview of EU Certificates: www.fas.usda.gov/gainfiles/200605/146187632.doc

Center for Food Safety and Applied Nutrition: http://www.fda.gov/Food/default.htm

EU Marking, Labeling and Packaging – An Overview
http://buyusainfo.net/docs/x_366090.pdf

The European Union Eco-Label: http://buyusainfo.net/docs/x_4284752.pdf

Trade Agreements: http://tcc.export.gov/Trade_Agreements/index.asp

Spain:

Ministry of Industry, Energy and Tourism: http://www.minetur.gob.es

Ministry of Agriculture, Food and the Environment: http://www.magrama.es/en/

Ministry of Health, Social Services and Equality: http://www.mspsi.gob.es/home.htm

AENOR: Comunicación@aenor.es, www.aenor.es

ENAC: ENAC@enac.es, www.enac.es

European Union:

CEN – Sector: http://www.cen.eu/cenorm/sectors/index.asp

CEN - Standard Search: http://esearch.cen.eu/esearch/

ECHA: http://echa.europa.eu

NIST - Notify U.S.: http://www.nist.gov/notifyus/

Online customs tariff database (TARIC):
http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm

The Modernized Community Customs Code MCCC):
http://europa.eu/legislation_summaries/customs/do0001_en.htm

Taxation and Customs Union:
http://ec.europa.eu/taxation_customs/customs/index_en.htm

Security and Safety Amendment to the Customs Code - Regulation (EC) 648/2005:
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:117:0013:0019:en:PDF

Electronic Customs Initiative: Decision N° 70/2008/EC
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:023:0021:0026:EN:PDF

Modernized Community Customs Code Regulation (EC) 450/2008):
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:145:0001:0064:EN:PDF

Legislation related to the Electronic Customs Initiative:
http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm

Export Help Desk: http://exporthelp.europa.eu/thdapp/index_en.html

What is Customs Valuation?:
http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/european/index_en.htm

Customs and Security: Two communications and a proposal for amending the Community Customs Code:
http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm

Establishing the Community Customs Code: Regulation (EC) n° 648/2005 of 13 April 2005
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:117:0013:0019:en:PDF

Pre Arrival/Pre Departure Declarations:
http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/prearrival_predeparture/index_en.htm

AEO: Authorized Economic Operator:
http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/aeo/index_en.htm

Contact Information at National Customs Authorities:
http://ec.europa.eu/taxation_customs/taxation/personal_tax/savings_tax/contact_points/index_en.htm

New Approach Legislation:
http://ec.europa.eu/enterprise/newapproach/nando/index.cfm?fuseaction=directive.main

Cenelec, European Committee for Electrotechnical Standardization:
http://www.cenelec.eu/

ETSI, European Telecommunications Standards Institute: http://www.etsi.org/

CEN, European Committee for Standardization, handling all other standards:
http://www.cen.eu/cen/Pages/default.aspx

Standardisation – Mandates:
http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index_en.htm

ETSI – Portal – E-Standardisation; http://portal.etsi.org/Portal_Common/home.asp

Nando (New Approach Notified and Designated Organizations) Information System: http://ec.europa.eu/enterprise/newapproach/nando/

Mutual Recognition Agreements (MRAs): http://ec.europa.eu/enterprise/newapproach/nando/index.cfm?fuseaction=mra.main

European Co-operation for Accreditation: http://www.european-accreditation.org/home

Eur-Lex – Access to European Union Law: http://eur-lex.europa.eu/en/index.htm

Standards Reference Numbers linked to Legislation: http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index_en.htm

What's New: http://ec.europa.eu/enterprise/news/index_en.htm

National technical Regulations: http://ec.europa.eu/enterprise/tris/index_en.htm

Metrology, Pre-Packaging – Pack Size: http://ec.europa.eu/enterprise/sectors/legal-metrology-and-prepack/prepacked-products/index_en.htm

European Union Eco-label Homepage: http://ec.europa.eu/environment/ecolabel/

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Chapter 6: Investment Climate

Openness to Foreign Investment

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Foreign direct investment (FDI) has played a significant role in modernizing the Spanish economy over the past 35 years. Attracted by Spain's large domestic market, export possibilities and growth potential, foreign companies in large numbers set up operations. Spain's automotive industry is almost entirely foreign-owned. Multinationals control half of the food production companies, a third of chemical firms, and two-thirds of the cement sector. Several foreign investment funds acquired networks from Spanish banks, and foreign firms control close to one third of the insurance market.

The Government of Spain recognizes the value of foreign investment and the economic importance of attracting more of it, particularly to help spur recovery from the economic crisis. Prime Minister Mariano Rajoy repeatedly states that it is the government’s goal to make Spain increasingly attractive to 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 Popular Party (PP) administration that took office in December 2011. Spanish law permits foreign investment of up to 100% of equity, 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. Spain is now the eleventh largest and one of the fastest growing investors in the United States. Spain’s business sector is actively seeking to increase ties with the United States, and the Spanish government is eager to work with the U.S. Government to continue expanding bilateral economic ties.

In 2013, gross new foreign direct investment was 19.484 billion euros, a drop of 0.7% compared to 2012 (19.629 billion euros). The six main investors in Spain (defined as the ultimate owner of the investment) in 2013 (the Netherlands, UK, France, Germany, U.S., and Luxembourg) represented 62.1% of total gross investment. The largest increases came from France (+104%), and the UK (+86.3%). U.S. investment in Spain decreased by 43% in 2013. Strong increases of investment came from Hong Kong (€241 million, +497%), Japan (€176 million, +375%), and Mexico (€487 million, +273%). The autonomous community of Madrid continued to be the primary recipient of foreign investment, with 54.6% of the investment, and the region of Catalonia attracted 22.2%. Companies invested especially in activities related to finance and insurance, manufacturing, real estate activities, and construction. Disinvestments decreased by 82% compared to 2012, dropping from a capital flow of €22.72 billion in 2012 to €4.085 billion in 2013. Net investment reached 15.398 billion euros in 2013.

Although Spain continues to face high unemployment rates (26%), significant household and public indebtedness, and depressed domestic consumption, the country emerged from recession in the third quarter of 2013. The government attributes this turn-around in part to the reform program it implemented during the past two years, the largest in the country’s democratic history. As part of this effort, the government undertook sharp public budget cuts that have helped to stabilize the fiscal situation. Major economic imbalances have been corrected, and competitiveness and flexibility are being restored. The government also implemented a series of structural reforms such as a labor market reform and the restructuring of the banking system, all measures aimed at improving the efficiency in the allocation of resources, whose full effects are likely to be more visible by the end of 2014. Spain has regained access to affordable financing from international financial markets, which has improved Spain’s credibility and solvency, generating investor confidence. However, the Spanish government has yet to improve access to financing for small and medium enterprises (SMEs), which still suffer from an important credit crunch. The government will need to take additional steps in 2014 to provide a clear, stable and fair legal, regulatory and policy framework if it wants to attract more foreign investment. For example, in implementing its fiscal consolidation program, the government has taken actions, which negatively affect U.S. and other investors on a retroactive basis. Fostering a positive investment climate to encourage FDI will require the Spanish government to maintain a long-term perspective that prioritizes investment and economic growth.

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

Registration requirements are straightforward and apply to foreign and domestic investments equally. They aim to verify the purpose of the investment, and do not block any investment.

TABLE 1: Following are Spain's rankings on four widely accepted measures of the business and investment environment:

Measure	Year	Ranking	Website Address
TI Corruption Perceptions Index	**2013**	40 of 177, (“59” score)	http://cpi.transparency.org/cpi2013/results/
Heritage Economic Freedom	**2014**	49 of 178, freedom score 67.2 (-0.8 from 2013)	http://www.heritage.org/index/ranking
World Bank Doing Business	**2014**	52 of 189	http://doingbusiness.org/rankings
World Economic Forum Global Competitiveness Report	**2013-2014**	35 of 148	http://www.weforum.org/reports/global-competitiveness-report-2013-2014

Conversion and Transfer Policies *Return to top*

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. 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 effected at market rates using commercial banks.

Expropriation and Compensation *Return to top*

Spanish legislation sets up a series of safeguards that virtually prohibit the nationalization or expropriation of foreign investment. No expropriation or nationalization of foreign investment has taken place in recent years. There are no outstanding investment disputes between the United States and Spain. However, the Spanish government made retroactive changes to its renewable energy feed-in tariffs in December 2010, 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 25 billion euro energy tariff deficit caused by user rates insufficient to cover system costs. The reforms further negatively affected U.S. investors in the solar power sector, with some companies arguing that the changes to the legal regime are tantamount to expropriation. Spain's government announced on February 3, 2014 the details of its plan to cut subsidies for renewable-energy producers, a move that producers say could cause defaults across their industry. As a result of Spain's ongoing energy reforms, in the past two years the country has accumulated a dozen lawsuits. Spain now faces eight international claims, all of which come from the photovoltaic energy sector. As such, Spain has become one of the countries with the largest number of open cases in the International Center for the Settlement of Investment Disputes (ICSID).

Dispute Settlement *Return to top*

Legislation establishes mechanisms to solve disputes if they arise. The judicial system is open and transparent, although sometimes slow moving. The Spanish judicial system is independent of the executive. 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. Spain is a member of both the ICSID and the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards.

Contractual disputes between American individuals/companies and Spanish entities are normally handled appropriately. There is no U.S.-Spain agreement on the mutual recognition of judgments, so U.S. citizens seeking to execute American court judgments in Spain must follow Spanish law, in this instance a complicated procedure known as the "exequator" process. In light of the Embassy's past experience in attempting to assist American citizen claimants with the process, the Embassy recommends that Americans who conclude contracts with Spanish entities specifying the United States as the venue for adjudicating disputes also obtain an agreement regarding how a possible U.S. judgment will be executed in Spain.

Spain has a fair and transparent bankruptcy regime. Bankruptcy proceedings are governed by the Bankruptcy Law of 2003 that entered into force on September 1, 2004. It applies to individuals and companies. The main aim of the law is to ensure the collection of debts by creditors, to promote consensus between the parties and, if possible, to enable the survival and continuity of the company. On March 7, 2014, the government approved a reform of the bankruptcy law to promote Spain's economic recovery. The new decree-law that entered into force the day after its approval aims to avoid the bankruptcy of viable companies and preserve jobs by providing for refinancing agreements to be reached through debt write-off, capitalization and rescheduling.

Performance Requirements and Incentives *Return to top*

Performance requirements are not used to determine the eligibility or level of incentives granted to investors. A range of investment incentives exist in Spain, and they are provided according to the authorities granting incentives and the type and purpose of the incentives.

The European Union:

Since Spain is an EU Member State, potential investors are able to access European aid programs, which provide further incentives for investing in Spain:

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

b. The European Investment Bank provides guarantees, microfinance, equity investment, and global loans for small and medium enterprises as well as individual loans focusing on innovation and skills, energy, and strategic infrastructure.

c. 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 European Union.

d. 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. Investments under the European Regional Development Fund (ERDF) will be concentrated in 4 key priorities: 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. Through the European Social Fund (ESF), Cohesion Policy will provide a significant contribution to EU priorities in the field of employment, as through training and life-long learning, education and social inclusion. The ESF allocation will be established according to the needs of each Member State. The new Youth Employment Initiative linked to the ESF will support the implementation of the Youth Guarantee.

e. Financial incentives are routed through major Spanish banks, such as the Instituto de Crédito Oficial (ICO) and Banco Bilbao-Vizcaya Argentaria (BBVA), and must be applied for through the financial intermediary.

The Central Government:

a. Spain's central government provides numerous financial incentives for foreign investment, generally designed to complement EU financing. The Ministry of Economy and Competitiveness (MINECO) runs the Directorate General for Trade and Investments and Directorate General for Innovation and Competitiveness to assist businesses seeking investment opportunities. They provide support to foreign investors in both the pre- and post-investment phases. Most grants are aimed at encouraging the development of certain economic sectors, but often for a given subsidy, there may be sectors that are not exclusive but are preferential. A comprehensive list of incentive programs is available at the website, www.investinspain.org. Using this tool, companies can gain access to updated information regarding the grants available for investment projects. Users can sign up to the automatic alert system that prompts a tailor-made newsflash according as suitable grants or subsidies are published. Applications for these incentives should be made directly to the relevant government agency.

b. Spain provides certain subsidies for job training and job creation, although they have been recently reduced due to budget constraints. 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. On February 28, 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 be applied for temporary contracts that are converted into permanent ones.

c. Spain is emphasizing support for small and medium-sized enterprises (SMEs) with a national program for innovative cluster networks to strengthen innovative business groups and competitiveness.

d. The central government provides financial aid and tax benefits for activities carried out in certain industries that are considered to be priority sectors in view of their growth potential and their impact on the nation’s overall economy (e.g. activities in new industrial plants, as well as increases in production capacity or relocations that industries decide to undertake to gain competitiveness; new infrastructure projects, and though more selectively, for the extension of projects which are already mature, preferably in the transport, energy and environment, and social infrastructure and services sectors; creation/growth of R&D and innovation; the acquisition, upgrading and maintenance of scientific-technological equipment for R&D activities made by companies, private technology centers and private centers of innovation support that are located in science and technology parks, etc.). In addition, the regional governments provide similar incentives for most of these industries. Financial aid includes both nonrefundable subsidies and interest relief on the loans obtained by the beneficiaries, or combinations of the two. Companies are classified according to the size of business, which is 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 2 million euros and with the same limit for its total assets. A small company has fewer than 50 employees, a turnover below 10 million euros and total assets also below 10 million euros. Medium-sized enterprises are those with fewer than 250 employees, annual turnover not exceeding 50 million euros and total assets lower than 43 million euros.

e. The state-owned corporate entity (*Instituto de Crédito Oficial*, ICO) attached to the Ministry of Economy and Competitiveness, has the status of State Financial Agency. Its activity seeks to boost small and medium companies and to encourage technological innovation and renewable energy projects as well as help to alleviate critical situations. ICO 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 that are economically, financially, technologically and commercially sound and involve a Spanish interest.

f. Other official bodies that grant aid and incentives:

MINHAP - Ministry of Finance and Public Administration
MINETUR - Ministry of Industry, Energy and Tourism
ENISA - National Innovation Company S.A. (under MINECO)
AXIS ICO Group (under MINECO)
INVEST IN SPAIN (under MINECO)
RED.ES (under MINETUR)
IDAE - Institute for Energy Diversification and Saving (under MINETUR)
CERSA - Spanish Guarantee Company S.A. (under MINETUR)
CDTI - Centre 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 6 July, sets out the different types of areas that are entitled to receive aid, and their maximum ceilings. Each area's specific aspects and requirements (economic sectors, investments that 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 it (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 EU are granted to Spanish and foreign companies alike without discrimination. Spain is in compliance with its WTO TRIMS [Trade-Related Investment Measures] obligations.

Municipalities:

a. Municipal corporations offer incentives to direct investment by facilitating infrastructure needs, granting licenses, and allowing for the operation and transaction of permits, although they have been reduced significantly due to budget constraints Municipalities such as Madrid offer numerous 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.

Right to Private Ownership and Establishment *Return to top*

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. American construction companies note that they have not been able to win public sector construction contracts. They have, however, won private sector construction contracts.

Protection of Property Rights *Return to top*

Spanish law protects property rights, with enforcement carried out at the administrative and judicial levels. Any administrative decision pertaining to property rights can be appealed first at the administrative and then at the judicial level, which has three levels of court appeals. Property protection is effective in Spain, although the system is slow. Mortgages are common in Spain.

Spanish patent, copyright, and trademark laws all approximate or exceed EU 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 presents the most problematic area in terms of respect for intellectual property rights in Spain. While law enforcement agencies are combating street piracy, Internet piracy has increased sharply over the past several years. U.S. copyright-dependent industries - music, movies, and entertainment software - continue to report a steady decline in sales attributable to digital piracy and cite Spain as having one of the worst problems in the world in this regard.

Spanish cultural industries have also been hit hard by piracy. A "Circular" issued in 2006 by the Prosecutor General's Office to guide prosecutors stated that peer-to-peer (P2P) downloading of protected content should not be prosecuted as a criminal offense unless a commercial profit motive can be established. While the Circular defines such activity as a civil wrong, it contributes to a widespread public perception that P2P activity is legal. A number of legal obstacles also impede copyright holders from obtaining redress via civil litigation.

In February 2011, parliament passed the Sustainable Economy Law (LES), which contains provisions giving the government authority to shut down or block websites found to host or link to infringing content. The law provides for an administrative process with two separate judicial interventions before action can be taken against a site. The government approved implementing regulations on December 30, 2011 and established in March 2012 the Intellectual Property Commission (IPC), the administrative body that accepts complaints from right holders.. The government is currently in the process of reforming Spain’s IPR legal framework. The Council of Ministers approved amendments to the IP law, civil procedure law, and the penal code, which are now in parliament and expected to be approved in 2014. The penal code clarifies that online piracy is illegal, and the IP law and civil procedure law give the IPC the tools to more effectively protect IPR.

Public and private sector enforcement actions (especially private sector initiatives) using Spain's patent, copyright and trademark legal framework have increased, though less so in cases involving alleged Internet piracy. Industry groups praise police enforcement actions; their concerns have to do more with the judiciary than with Spain's police forces. Despite enforcement efforts, piracy remains a significant problem. Industry sources estimated the following digital piracy levels in 2013: over 90% for music, 74% for films, over 60% for videogames, 68% for digital books, and 44% for business software.

Patents

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 the regulations that will establish the single patent for the 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, the United Kingdom and 10 other Member States have ratified the UPC Agreement. As of April 2014, only Austria (August 6, 2013) and France (March 14, 2014) had ratified the agreement.

Pharmaceutical companies have expressed concern over recent government cost-cutting measures that affect market access and reference pricing for brand-name medications. They are also concerned with practices by the governments of several of Spain’s 17 autonomous regions that the companies believe are incompatible with central government policies, including lengthy payment delays. (Note: In June 2013, the Ministry of Finance presented the Draft Law on Management of Commercial Debt, which was designed to bring regional governments’ commercial debt to zero by forcing them to pay their bills within 30 days for services rendered.) Further, industry reported that Spain’s lack of patent harmonization with the majority of EU 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. In November 2013, the Spanish government 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

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 June 2010, the Spanish parliament passed a reform of the penal code that downgraded certain IPR crimes to misdemeanors if the perpetrator is a person of modest economic means and if the revenue from the sale of infringing merchandise is less than €400. This reform, which entered into force in December 2010, was designed to lower the criminal penalties for the practice of “top manta” – sales of infringing goods on a blanket in informal street markets – when practiced by impoverished, often illegal immigrants. The new standard places an additional burden on right-holders and law enforcement to establish, early in any investigation, that they are pursuing an offense that merits prosecution. In order to reverse these developments, the Spanish government has amended Article 274 of the penal code, which is now in Parliament, to criminalize the peddling, retailing, and wholesaling of trademark-infringing material. With the passage of this law, anticipated later in 2014, the trademark association ANDEMA believes authorities will have better tools to effectively crack down on pervasive infringement of merchandise trademarks in Spain.

Businesses may seek a trademark valid throughout the EU. 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 International 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.

Transparency of Regulatory System *Return to top*

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, though permitting and licensing processes can still suffer delays. Efficacy of regulation at the regional level is uneven. To avoid the fragmentation of the domestic market emerging from differences and overlapping of central, regional and local regulation, the Market Unity Guarantee Act 20/2013 was adopted in December 2013. The law aims to rationalize the regulatory framework for economic activities, eliminating duplicities in administrative control over one and the same activity or product through a "single license" system that will facilitate the free flow of goods and services throughout Spain. It also reinforces coordination among competent authorities and introduces a mechanism to rapidly solve operators' problems. With a license from only one of Spain's 17 regional governments, companies will be able to operate throughout the Spanish territory, rather than having to requests licenses from each region. The measures are expected to reduce business operating costs, improve competitiveness and attract foreign investment.

Quasi-independent regulatory bodies exist in several sectors; however, they are for the most part still finding their role and fighting to assert their independence. Making the transition from state-owned monopolies to promoting full and open competition has been a slow, but steady, process. 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.

Efficient Capital Markets and Portfolio Investment *Return to top*

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 downgrades of Spanish sovereign debt had a negative impact on public financing costs. Foreign investors do not face discrimination when seeking local financing for projects. There is a large range of credit instruments 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 traded publicly in the U.S. There is a significant amount of portfolio investment in Spain, including by American entities. During 2012, foreign investment flows in negotiable securities fell 26.02% over the previous year, and accumulated foreign investment amounted to 552.4 billion euros. 99.9% of this amount was in equity securities, and 0.1% in shares of investment funds. Investors were mainly from EU countries (88.9%) and the United States (8.2 %.)

Total assets for the six biggest banks in Spain as of late 2013 were 2.596 trillion euros:

Banco Santander:	1,116.0 trillion euros
Banco Bilbao Vizcaya Argentaria (BBVA):	582.6 billion euros
Bankia:	246.3 billion euros
CaixaBank:	340.2 billion euros
Banco Sabadell:	163.4 billion euros
Banco Popular:	147.8 billion euros

A domestic housing slump that began in 2007 had a great impact on 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 14 as of early 2014 (Santander, BBVA, Banco Popular, Bankinter, Banco Sabadell, CaixaBank, Bankia, Banco Ibercaja, Catalunya Banc, Kuxtabank, NGC Banco, Banco Mare Nostrum, Liberbank, and Unicaja Banco). Between 2008 and 2013, 12,352 Spanish bank offices closed, with 4,451 closures in 2013 alone, representing 26.7 percent of the pre-crisis total. The sector has also shed 62,000 workers, representing 22.3 percent of the pre-crisis workforce. The downsizing runs in parallel with a 32 percent drop in credit to households and businesses in Spain from 2008 to 2013. Total bank deposits have remained roughly stable at 1.16 trillion euros. Industry analysts foresee a continued downsizing of bank branches until the total drops to about 30,000 offices, suggesting an additional reduction of 3,500 branches.

Financial sector reforms announced in February and May of 2012 sought to increase bank transparency with regard to exposure to toxic assets, reduce oversupply of financial services by encouraging further consolidation, and alleviate the credit crunch by stabilizing bank balance sheets to increase lending. Two phases of Spanish government-mandated provisioning in February and May added 84 billion euros in additional coverage to risky construction sector loans held by banks. At the end of May 2012, the government partially nationalized Spain's fourth largest financial institution, Bankia, which announced it needed 23.5 billion euros in public assistance. That costly nationalization and unexpectedly high bailout costs contributed to a deepening of the confidence crisis that had been dogging Spain for more than two years, forcing the government to seek support from its EU partners on June 10, 2012. The EU committed to provide up to 100 billion euros in financing, of which Spain eventually borrowed 41.3 billion from the European Stability Mechanism to recapitalize the nation's overextended banking sector in return for enhanced oversight and reform conditionality. Drawing on EU funds, the Governing Committee of the FROB approved capital injections of 37 billion euros for four nationalized banks, including Bankia, in December 2012. Sareb, the Spanish “bad bank,” received the brunt of the weakest banks’ degraded real estate holdings at a cost of 50.65 billion euros (about 20 percent foreclosures and 80 percent loans) from Group 1 (nationalized banks: BFA-Bankia, Catalunya Caixa, Banco Gallego-NCG Banco, and Banco de Valencia) and Group 2 entities (banks that remained independent but received additional public capital: BMN, Liberbank, Caja3, and CEISS). In January 2014, Spain cleanly exited its EU aid program, a conclusion that came amid praise for Spanish restructuring efforts from EU officials.

Corporate Governance

Spain has a civil law and statute based legal system. Court decisions are not a source of law but are of interpretative value. Spain has a quasi-federal system of governance with 17 autonomous regions. Basic commercial, corporate and intellectual property regulations are enacted by the central government, while regional governments enact their own legislation on matters such as health, education, environment, and consumer protection. The Spanish legal system has specific commercial courts, which are specialized in corporate issues and disputes. Although corporate disputes can be resolved by arbitration according to Law 60/2003, of 23 December on arbitration, in practice, these types of disputes are rarely resolved by arbitration, but rather by the commercial courts.

Corporate governance in Spain is also subject to a soft rule: the Code of Corporate Governance of Listed Companies approved in May 2006. This Code, which shares the international standards and recommendations on good governance practices, adopts modern trends in corporate governance, as stated by different entities and institutions such as the OECD, the Basel Committee on Banking Supervision and the European Commission. It sets out recommendations under the principle of ‘comply or explain’. The companies have to decide whether or not to follow the Code’s recommendations, but they must give a reasoned explanation for any deviations in their annual corporate governance report. The evaluation of the degree of compliance with the recommendations is left to the markets. All companies have articles of association establishing the terms and conditions for the operation of the company. These cover the contracts and relationships between shareholders and contain corporate rules. In the event of a discrepancy, legal provisions prevail over articles of association. Listed companies must approve specific regulations regarding the general shareholders’ meetings and the board of directors, to further develop the relevant provisions of the articles of association. Spanish companies have legal personality and thus can acquire rights and assets and assume liability.

Due to extensive cross-ownership within a small universe of dominant companies, Spanish corporations have traditionally not had truly independent board members. This situation has changed. The Code of Corporate Governance of Listed Companies recommends, in the interest of maximum effectiveness and participation, that the board should have at least five and no more than 15 members. It is also recommended that companies strike a balance between external and internal directors. Very often powers are delegated by the board to an executive committee, or to one or more executive directors or CEOs, that assume the ordinary management of companies. Spanish listed companies tend to have, in addition to a managing director holding delegated powers from the board, an executive committee with similar powers that in practice operates as a reduced board. The boards of directors of listed companies must create a compulsory audit committee, formed by members of the board (a majority of whom must be external directors) and, at the recommendation of the Code of Corporate Governance of Listed Companies, chaired by an independent director. The Code of Corporate Governance of Listed Companies also recommends that a nomination or remuneration committee (or both) be created within the board, which should be formed mostly by independent directors and chaired by one of these directors. The Ministry of Economy presented a report on a bill for the improvement of corporate governance to the Council of Ministers in December 2013. A draft bill was posted for public comment in January 2014. The bill is expected to be presented to Parliament later this year.

Foreign investment in Spain is generally unrestricted except for investments in certain specific sectors, such as air transportation, radio and television (DTT) broadcasting, and gambling where foreign investment is restricted (the most notable restriction being a 25% limit on foreign ownership of the share capital of the company in question). The manufacture, marketing and distribution of weapons and explosives for civil use and activities related to national security require prior authorization by the government, except for listed companies engaged in any activity related to Spanish national defense. In these cases, investment authorization is required when foreign ownership exceeds 5% of the share capital of the company. The acquisition of a significant stake in certain entities (such as credit entities, insurers, or investment service companies) requires the authorization of the relevant regulator. Moreover, any transaction involving a concentration exceeding the legal thresholds established by Spanish or European law requires prior notification to the antitrust authorities; antitrust clearance is required before the transaction can be implemented.

The comment process for proposed rule-making changes is not as formal as in the United States. Spain does not have an official comment procedure for government regulations similar to what exists in the U.S. system. The 1997 Government Law (Law 50/1997) contains requirements for consultation for draft laws and regulations that affect citizens' rights and interests. However, the vague requirements of the Government Law have been interpreted differently by the various government ministries and application of the requirement is inconsistent. Some ministries routinely post draft articles and regulations online for a 15 day public comment period, while others consult with officially recognized industry sector associations or consumer organizations. Although most new laws and regulations are published as drafts before they go into force, there are often limited opportunities to change them by the time they are published. The general public will not necessarily be aware of a regulation until it is finalized and published.

Competition from State Owned Enterprises *Return to top*

A process of privatization of state-owned firms began in the mid-1980s and was carried out by both Socialist and Popular Party governments in several stages. Spain's privatization process was especially intense between 1996 and 2000, when large utilities and industrial groups, such as Telefonica, Tabacalera, Repsol, and Endesa, among others, were completely privatized. However, several of these companies maintain a de facto monopoly position under private ownership, and a high degree of sector concentration persists years after the main privatizations, reflecting the slow progress of competition in those sectors. U.S. companies have reported difficulty competing particularly in regulated sectors.

The Spanish government has liberalized the energy, electricity and telecommunications markets to varying degrees. These efforts have opened Spain's economy to new investment, including by U.S. companies. However, many observers believe these changes have not been broad enough to fully stimulate competition. It is frequently difficult for new entrants to gain traction in sectors dominated by former state-run monopolies such as Telefonica. Moreover, in the energy sector, the GOS seems to favor domestic control of "national champion" companies.

In 2004 the government began the privatization of the railroad system. Effective January 1, 2005, the Spanish government dissolved the National Rail Network (RENFE) and formed two new companies, ADIF and RENFE-Operadora, both of which remain under state control. RENFE still controls 80% of freight transport, and private operator profits are close to zero. On October 29, 2013, the Board of Directors of RENFE-Operadora met to finalize the privatization plan. Starting January 1, 2014, RENFE reportedly was to become a joint-stock company and be divided into 4 parts (cargo, passengers, workshops, and railway equipment rental). ADIF, the owner of rail infrastructure, was to be split into 2 parts (State network and AVE network). On January 2, independent investors, creditors, and companies were to be able to purchase a portion of the companies. This measure is part of the European directive, which called for an open transport market by 2019. The process appears to have been delayed. However, Minister of Public Works said publicly on March 29 that by July 2014 private companies could compete with RENFE in the rail passenger transport business.

In January 2011, Iberia Airlines completed a multi-billion-euro merger with British Airways upon the listing of the shares in the International Airlines Group (IAG). The merger created Europe's third largest airline and the world's sixth largest carrier. On December 31, 2013, the state-owned industrial holding company SEPI still owned 2.41% stake in IAG, and a 20% stake in the Spanish electricity grid, Red Electrica Espanola. Additionally, airlines and private bus companies have complained about unfair competition from the state-owned rail company, claiming that high speed passenger tickets are being sold below costs in a manner "that can be considered state aid." The rail company RENFE announced that in 2010 it had for the first time turned a small operating profit on its commercial and long-distance operations and that, in keeping with European regulations, it no longer receives a state subsidy.

The Public Works Ministry announced plans in 2012 to privatize AENA (airports), but it is still in the development phase and no political decision has been made yet.

Corporate Social Responsibility

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Spanish companies consider corporate reputation, competitive advantage, and industry trends to be the major driving forces of CSR. Initiatives undertaken by the EU and international organizations have influenced companies' decision to implement CSR, 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 CSR in Spain. Although the amount of CSR is still moderate by international standards, in the last two decades there has been a growing interest in adopting CSR. Today, almost all of Spain's largest energy, telecommunications, infrastructure, transport, financial services and insurance companies, among many others, have undertaken CSR projects, and such practices are spreading throughout the economy. The Spanish government has taken some measures to promote CSR since 2002. The government endorsed the OECD Guidelines for Multinational Enterprises, and the national point of contact is the Ministry of Industry, Energy, and Tourism.

Political Violence

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The Government of Spain is involved in a long-running campaign against the significantly weakened but still viable Basque Fatherland and Liberty (ETA), a terrorist organization founded in 1959 and dedicated to promoting Basque independence. ETA has traditionally targeted Spanish government officials, members of the military and security forces, journalists and members of the Popular Party and Socialist Party for assassination. More broadly, symbolic targets include representatives of the Spanish state, security forces and prominent industrialists, as well as infrastructure linked to railroad construction and television repeaters. U.S. citizens and U.S. companies have not been direct ETA targets. ETA's main methods are car bombs and assassinations with firearms. ETA has killed more than 40 persons since January 2000 and more than 850 persons since its campaign began in 1968. Its last attack in Spain was in 2009.

Suspected ETA operatives have extorted "revolutionary taxes" from businesspersons and professionals living in the Basque region, sometimes bombing their property or sending the demands to their children to intimidate them into paying extortion demands. Though these extortion demands have ceased according to local business organizations, there remains the possibility that ETA may reinstitute the practice. ETA supporters have also engaged in street violence and vandalism against government facilities, economic targets (particularly banks), and the homes and property of persons opposed to ETA's cause. ETA gunmen in late 2008 killed a Basque businessman whose construction company is involved in the construction of a high-speed rail known as the “Basque Y” linking the Basque cities of Bilbao, San Sebastian, and Vitoria to Madrid. In mid-2009, the group marked its 50th anniversary with a series of high-profile and deadly bombings. On July 29, 2009, ETA detonated an explosive-laden stolen van outside a Civil Guard barracks in Burgos. The blast injured more than 60 Civil Guards, spouses, and children. The following day, ETA murdered two Civil Guards in Mallorca with a car bomb.

There were no terrorist attacks within Spain in 2010. Arrests and seizures in 2010, combined with the cumulative effect of years of intense crackdown, effectively decapitated ETA’s leadership and neutralized its capacity to sustain a prolonged operational campaign. Nevertheless, the group retains the capacity to kill. The lone fatality attributed to ETA in 2010 occurred outside Paris, France in March, when ETA members shot a French policeman during a botched car-theft attempt. In January 2011, ETA announced a “permanent” ceasefire; however, similar declarations made by the group previously were followed by new terrorist attacks, giving rise to skepticism on the part of Spanish government officials. In October 2011, ETA declared a “definitive cessation of armed activities.” ETA reaffirmed the “definitive cessation” in January 2012. The October 2012 second place finish for left-wing separatist Basque political coalition Bildu led ETA political wing Batasuna to dissolve itself on January 3, 2013. Batasuna claimed it would continue its struggle for an independent Basque Country through other political tools (alluding to the recently-elected Bildu). Spanish authorities continue to question the credibility of such messages, given ETA has neither disarmed nor disbanded.

On March 11, 2004, Islamic terrorists killed 191 people on commuter trains headed for Madrid's central Atocha train station. Several foreign nationals died in the attack, although there were no American citizen casualties. Although U.S. citizens and companies in Spain have not been direct targets of terrorists, the potential for violent extremism exists in Spain. In the aftermath of the train bombings, the Spanish government mobilized against the threat, and continues to fight aggressively against international terrorism.

Corruption

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Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: http://www.justice.gov/criminal/fraud/

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption

(OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of March 2009, there are 38 parties to the Convention including the United States (see http://www.oecd.org/dataoecd/59/13/40272933.pdf). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. [Insert information as to whether your country is a party to the OECD Convention.]

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 158 parties to it as of November 2011 (see http://www.unodc.org/unodc/en/treaties/CAC/signatories.html). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. [Insert information as to whether your country is a party to the UN Convention.]

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 34 parties (see http://www.oas.org/juridico/english/Sigs/b-58.html) [Insert information as to whether your country is a party to the OAS Convention.]

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of December 2011, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see www.coe.int/greco.) [Insert information as to whether your country is a party to the Council of Europe Conventions.]

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: http://www.ustr.gov/trade-agreements/free-trade-agreements. [Insert information as to whether your country has an FTA with the United States: Country [X] has a free trade agreement (FTA) in place with the United States, the [name of FTA], which came into force. Consult USTR Website for date: http://www.ustr.gov/trade-agreements/free-trade-agreements.]

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center “Report A Trade Barrier” Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice’s (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department’s present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ’s Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

POST INPUT: Public sector corruption, including bribery of public officials, [remains a major/minor challenge for U.S. firms operating in xxx xxx. Insert country specific corruption climate, enforcement, commitment and information about relevant anticorruption legislation.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay-Person's Guide to the FCPA" is available at the U.S. Department of Justice's Website at: http://www.justice.gov/criminal/fraud/fcpa.

- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: http://www.oecd.org/dataoecd/11/40/44176910.pdf.

- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.

- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See http://www.transparency.org/publications/gcr.

- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See http://info.worldbank.org/governance/wgi/index.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: http://data.worldbank.org/data-catalog/BEEPS.

- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See http://www.weforum.org/s?s=global+enabling+trade+report.

- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at http://www.state.gov/g/drl/rls/hrrpt/.

- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: http://report.globalintegrity.org/.

Bilateral Investment Agreements

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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), Indonesia (1995), Venezuela (1995), Turkey (1995), Lebanon (1996), Ecuador (1996), Costa Rica (1997), Croatia (1997), Estonia (1997), India (1997), Panama (1997), Slovenia (1998), South Africa 1998), Ukraine (1998), the Kingdom of Jordan (1999), Trinidad and Tobago (1999), Bolivia (2001), Jamaica (2002), Iran (2002), the Federal Republic of Yugoslavia (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), Libya (2007), Bahrain (2008), and Senegal (2008).

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, although the changes must be ratified by both the Spanish Parliament and the U.S. Senate before entering into effect.

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. For 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 foreign direct investment in Spain; many

U.S. companies now channel their Spanish investments and operations through third countries.

OPIC and Other Investment Insurance Programs

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As Spain is a member of the European Union, 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).

Labor

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The economic crisis has had a significant adverse impact on employment in Spain. After substantially reducing unemployment between 2000 and 2007, Spain is suffering one of the highest unemployment rates recorded in the last 20 years. The unemployment rate climbed from 8% in third quarter of 2007 to 26% at the end of 2013. According to the National Statistics Institute, 5.9 million people were jobless at the end of 2013, while there were 16.8 million people employed in the work force. Unemployment among youth (ages 18-25) is exceptionally high at 54%. Immigration has slowed significantly as a result of the severe employment crisis, which disproportionately affects the immigrant community. Spain experienced net emigration in 2012, as it lost more residents than it gained. A number of immigrant workers, especially from Latin America, have returned home. The government introduced an initiative in September 2008 to pay jobless immigrants their unemployment benefits in a lump sum if they returned to their home countries and promised not to return to Spain for three years. A very small number of immigrants are reported to have taken advantage of this program.

With the highest unemployment rate in the European Union, the Spanish government has declared job creation the most important mid-to-long-term priority. Labor market reforms in 1994 and 1997 eased labor market rigidities but did not fundamentally change the difficult labor regime. The labor market is divided into permanent workers with full benefits and temporary workers with few 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. It was criticized as insufficient and did not stimulate employers to hire more workers on indefinite contracts. In January 2011, government, business and labor 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 failed to produce significant agreement on measures to overhaul Spain’s Franco-era contract and negotiating system, 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, 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, although private sector wage restraint will continue to depend on business-labor negotiations. On November 25, 2013, Minister of Employment Fátima Báñez announced that the Government would make some adjustments to the 2012 labor reform to promote hiring. Báñez said that her Department had already announced that it will reduce the number of contract types from 42 to four, and that President Rajoy had announced that the “indefinite contract for entrepreneurs” would be applicable to both part-time and full-time employment. Minister Bañez added that all the incentives that are scattered throughout Spanish legislation would be compiled in a single chapter of the Law of Employment in order to facilitate hiring. According to the Minister, this would be the government’s response to the Eurogroup’s demands for a “second round” of labor reform. 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 quinquennial reports about the effects of the law on the adequacy of pensions.

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%) 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.

Foreign-Trade Zones/Free Ports

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Both on the mainland and islands (and in most Spanish airports and seaports) there are 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. The largest free trade zones are in Barcelona, Cadiz and Vigo. Others vary in size from a simple warehouse to several square kilometers. Spanish customs legislation allows for companies to have their own free trade areas. Duties and taxes are payable only on those items imported for use in Spain. These companies have to abide by Spanish labor laws.

Foreign Direct Investment Statistics

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TABLE 2

	2011	**2012**	**2013**
Total new FDI in Spain	30,917	19,629	19,484
New FDI in Spain from the U.S.	1,446	2,284	1,301
U.S. share of total new	6.1	15.7	8.2

direct investment (%)			
Total new Spanish investment abroad	36,901	19,369	21,897
New Spanish investment in U.S.	2,946	731	346
U.S. share of total new Spanish investment (%)	10.0	4.8	2.2

New Foreign Direct Investment in Spain (2013): by country of origin

The Netherlands:	14.2%
United Kingdom:	11.8%
France:	11.2%
Germany:	8.6%
U.S:	8.2%
Luxembourg:	8.1%
Mexico:	3.5%
Belgium:	2.5%
Switzerland:	1.8%
Japan:	1.7%
Hong Kong:	1.5%

New Foreign Direct Investment in Spain (2013): by industry sector destination

Rental real estate:	5.7%
Insurance other than life insurance:	4.8%
Manufacture of basic pharmaceutical products:	4.6%
Transportation of goods by road:	4.0%
Waste management services :	4.0%
Aluminium production :	3.9%

Source: Directorate General of Trade and Investment, Ministry of Industry, Energy and Tourism Foreign Direct Investment Statistics

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Chapter 7: Trade and Project Financing

How Do I Get Paid (Methods of Payment) *Return to top*

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 (credito 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: http://www.buyusa.gov/home/us.html, The International Chamber of Commerce (ICC), local chambers of commerce, the U.S. Government Export Portal and at http://www.unzco.com/basicguide/c12.html

The ICC has also recently introduced a mechanism to settle letter-of-credit disputes, DOCDEX, or Documentary Credit Dispute Resolution Expertise: http://www.iccwbo.org/court/docdex/id4493/index.html

How Does the Banking System Operate *Return to top*

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, and the Directorate General of International Trade and Investments in the Ministry of Economy and Competitiveness; and the Bank of Spain.

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. The banking industry in Spain greatly benefitted from the country's 15 years of rapid economic growth prior to the current recession. By traditional Spanish standards, interest rates have been low, yet they now fluctuate in response to actions of the European Central Bank. Spanish banks withstood reasonably well the initial phase of the economic crisis that started in 2007. However, as time passed, certain imbalances became apparent. Over the past years, regional savings banks ("cajas de ahorro") have been subject to numerous mergers. The numbers of savings banks or groups have fallen from 45 to 14 in an effort to create greater efficiency. This sector is still undergoing change as a result of new government requirements.

Operators in the Spanish financial system can be classified as:

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 do perform considerable business throughout all segments of the economy. As of April 22, 2014, the Bank of Spain's register shows 332 credit entities:

- Private banks (71)
- Savings banks, "cajas" (16)
- Credit unions (67)
- Finance houses (47)
- Branches of foreign banks headquartered in EU and non-EU countries (127), four of which are U.S. banks.

With around one branch per one thousand people, Spain has one of the largest banking branch networks in the world. In light of the economic and financial crisis, the Bank of Spain began a restructuring process in 2010 in order to increase the size of the institutions and reduce the sector's capacity. This was done by a significant reduction in capacity, merging savings banks or converting them into commercial banks. In order to decrease overall capacity, the Spanish financial system is still reducing branches by 10-21 percent and cutting employees by 12-20 percent.

The Spanish Savings Bank Confederation (CECA), in addition to serving as the savings banks national association, is also a private credit institution that lends to private customers through mortgages and loans.

Spanish legislation on bank incorporations is regulated by Royal Decree 1245, dated July 14, 1995. The Ministry of Economy and Competitiveness is responsible for permitting foreign banks to carry out banking activities in Spain. 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.

3. 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.

4. Investment institutions

Collective investment entities:

- Investment companies dealing in marketable securities, 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.

5. Brokers

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

6. 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

The Spanish stock market is comprised of four stock exchanges. After dealing only in stock and bond issues, Spain's stock exchanges underwent a process of renovation. This renewal brought new ways of operating and new types of financial assets into the Spanish market. At present, leading Spanish private companies and banks are listed on the stock market.

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 can be found at: www.thespanisheconomy.com

Foreign-Exchange Controls *Return to top*

The liberalization of the Spanish financial sector was completed after the adoption of required EU regulations in 1990, which included specific exchange controls and capital movements. Between 1991 and 1999, Spain implemented key legislation on foreign transactions (RD 1816, December 1991) and on Spanish investment abroad (RD 664/1999).

Some main features of 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 7,957 at average 2011 exchange rate) per person, per trip. Prior notification is also required for quantities of more than 6,000 EUR (USD 7,957) 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 39,788) 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.

More details on exchange control regulations can be found at:
http://www.investinspain.org/invest/en/-invest-in-spain/spain-profile/exchange-control-regulations/index.html

U.S. Banks and Local Correspondent Banks *Return to top*

U.S. Banks in Spain: Of the U.S. banks listed below, only Citibank offers retail-banking services.

CITIBANK España, S.A.
Avenida de Europa, 19
Parque Empresarial "La Moraleja"
28108 Alcobendas (Madrid)
Tel: (34) 91-663-1000; Fax: (34) 91-663-1086
www.citibank.es

Bank of America, N.A.
Plaza Pablo Ruiz Picasso, 1,
28020 Madrid
Tel: (34) 91 396 5000; Fax: (34) 91-396-5123
www.bankofamerica.com

JPMorgan Chase Bank, N.A., Sucursal en España
Ortega y Gasset, 29 - 2ª planta
28006 Madrid
Tel: (34) 91-516-1200; Fax: (34) 91-516-1616
http://www.jpmorgan.com/pages/jpmorgan/private_banking/offices

Deutsche Bank Trust Company Americas
Paseo de la Castellana, 31
28046 Madrid
Tel: (34) 91 538 7500; Fax: (34) 538 7599

Representative Offices

The Bank of New York Mellon
José Abascal 45, Plta. 4
280030 Madrid
Tel: (34) 91 177 5120; Fax: (34) 91319 2247

Espirito Santo Bank of Florida
Serrano 88
28006 Madrid
Tel: (34) 91 400 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
www.bbva.es

Banco Santander
Central International Division
Ciudad Grupo Santander
Calle Partenón
Boadilla del Monte
28660 Madrid
Tel: (34) 91-289 4866
www.gruposantander.es

La Caixa
Avda. Diagonal, 621-629
08028 Barcelona
Tel: (34) 93-404-7110; Fax: (34) 93-330-0097
www.lacaixa.es

Bankia, S.A.
Pintor Sorolla, 8
46002 Valencia
Tel: (34) 91 391 5380/Fax: (34) 91 391 5414
www.bankia.com

Project Financing Return to top

General Availability of Financing

Banks are 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 long-term housing and agriculture projects as well as to 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 banks and 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.

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. 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, 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.

- EU incentives and grants directed towards depressed European regions and those with lowest levels of income and high unemployment. EU incentives are routed through Spanish institutions.

EU Programs

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.

The European Union finances projects by providing grants from the European Commission and loans from the European Investment Bank. Grants are only made available for projects within the 27 EU member states. The resources from the Structural Funds are distributed through the member states' national and regional authorities. All grants for projects in non-EU countries are managed through the Europe Aid Cooperation agency in conjunction with various European Commission departments, called "Directorates-General."

In addition to projects within its member states, the EU supports projects that cross both internal and external EU borders through "economic integration" projects. The EU also provides assistance to accession countries, or countries that are in the process of joining the EU. Economic integration projects are being carried out in Eastern and Southern Europe, Iceland and Turkey, as well as some of the former Soviet republics.

The CSEU Tenders Database

The website of the U.S. Commercial Service at the U.S. Mission to the European Union features a very useful database. It contains all current public procurement tenders issued by all national and regional public authorities in the 27 member states of the European Union, plus four other European countries, and that are open to U.S.-based firms under the terms of the Government Procurement Agreement (GPA) implemented in 1995. The database is updated twice weekly and is easy to use with a range of search options, including approximately 20 industry sectors. The database also contains tenders for public procurement contracts relating to structural funds. The database can be accessed at
http://export.gov/europeanunion/grantstendersandfinancing/cseutendersdatabase/index.asp

EU Structural Funds

The EU Structural Funds, including the European Regional Development Fund, were created in 1975 to assist economically depressed regions of the European Union that required industrial restructuring. The EU allocated EUR 308 billion for projects under the Structural Funds and the Cohesion Fund programs for the period 2007-2013. In addition to funding economic development projects, EU Structural Funds also support specialized projects that promote EU socioeconomic objectives. Member states negotiate regional and "sectoral" programs with officials from the regional Directorate-General at the European Commission.

For information on approved programs that will result in future project proposals, please visit:
http://ec.europa.eu/regional_policy/what/future/index_en.cfm

For projects financed through the Structural Funds, member state officials are the key decision-makers. Officials are responsible for assessing the needs of their country, investigating projects, evaluating bids and awarding contracts. It is advisable for would-be contractors to meet with local officials to discuss local needs in order to become familiar with available financial support programs in the member states. Tenders issued by member states' public contracting authorities for projects supported by EU grants are subject to EU public procurement legislation if they meet the EU minimum contract value requirement for the eligible sector. Below this threshold, tender procedures are subject to national procurement legislation. There are no overt bans on the participation of U.S. companies in projects support by the Structural Funds. Although U.S. companies may serve as developers or concessionaires of projects, or as bidders on subsequent public tenders related to such projects, it is advisable to team up with a local partner. All Structural Fund projects are co-financed by national authorities and most may also qualify for a loan from the European Investment Bank. The private sector is also involved in project financing.

For more information on these programs, please see the market research section on the website of the U.S. Mission to the EU:
http://export.gov/europeanunion/

The Cohesion Fund

The Cohesion Fund is another instrument of EU structural policy. Its EUR 61.5 billion (2007-2013) budget aims to improve unity within the EU by funding transport infrastructure and environmental projects in Portugal, Spain, Greece and the twelve new (since 2004) EU member states from Central and Eastern Europe. These projects are generally co-financed by national authorities, the European Investment Bank and the private sector.
http://ec.europa.eu/regional_policy/thefunds/cohesion/index_en.cfm

Other EU Grants for Member States

Another set of sector-specific grants gives assistance to EU member states in the areas such as science, technology, communications, energy, environmental protection, education, training and research. Tenders related to these grants are posted on the various websites of the directorates-generals of the European Commission. Conditions for participation are strict and participation is usually restricted to EU firms or those tied to EU content.

Information on each of these programs can be found at:
http://ec.europa.eu/grants/index_en.htm

External Assistance Grants

The EuropeAid Cooperation Office is the European Commission agency in charge of managing the EU's external aid programs. This agency is responsible for the management of the entire project cycle from identification to evaluation. The Directorates-General in charge of External Relations and Development are responsible for the drafting of multi-annual programs. The EuropeAid website provides extensive information on the range of grant programs, the kinds of projects that are eligible, as well as manuals to help interested parties understand the relevant contract law. Only enterprises located in the EU member states are able to tender for contracts financed by EuropeAid. In addition, products used in these projects must also be manufactured in the EU or in the aid recipient country. However, consultants of U.S. nationality employed by a European firm are allowed to form part of a bidding team. European subsidiaries of U.S. firms are also eligible to participate.
http://ec.europa.eu/europeaid/index_en.htm

- All tenders related to EU-funded programs outside the territory of the European Union (including the accession countries) are located on the EuropeAid Cooperation Office website: http://ec.europa.eu/europeaid/work/funding/index_en.htm

Two new sets of programs have been approved for the financing period 2014-2020. First, the EU provides specific Pre-Accession financial assistance to accession candidate countries that seek to join the EU through the "Instrument for Pre-accession Assistance" (IPA). Second, the European Neighborhood and Partnership Instrument (ENPI) will provide assistance to countries that are the Southern Mediterranean and Eastern neighbors of the EU.

IPA replaces the following programs: PHARE (Poland and Hungary Assistance for Restructuring of the Economy), ISPA (Instrument for Structural Pre-Accession financing transport and environment projects), SAPARD (projects in the agriculture sector), CARDS (aid to southern Balkans) and the Turkey Facility Fund. IPA focuses on priorities associated with the adoption of the *acquis communautaire* (the body of EU law that must be adopted by accession candidate countries as a precondition to joining the EU), i.e., building up the administrative and institutional capacities and financing investments designed to help them comply with European Commission law. IPA will also finance projects destined to countries that are potential candidates to join the EU, especially in the Balkans. The budget of IPA II for 2014-2020 is EUR 11.7 billion.
http://ec.europa.eu/regional_policy/thefunds/ipa/index_en.cfm

ENPI: replaces the former TACIS and MEDA programs. The European Neighborhood Policy program covers the EU's neighbors to the east and along the southern and eastern shores of the Mediterranean i.e. Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Syria, Tunisia and Ukraine. ENPI budget is EUR18.2 billion for 2014-2020.
http://ec.europa.eu/europeaid/where/neighbourhood/overview/index_en.htm
http://www.enpi-info.eu/main.php?id=27348&id_type=1

Loans from the European Investment Bank

The European Investment Bank (EIB) is the financing arm of the European Union. Since its creation in 1958, the EIB has played a fundamental role in the development of Europe. The EIB has evolved over the years and has become highly competent in assessing, reviewing and monitoring projects. 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 the EIB mostly funds projects within the EU, it lends outside the EU as well (e.g., in Central, Eastern and Southeastern Europe; Latin America; and Pacific and Caribbean states). In 2009, the EIB approved loans for projects worth EUR 103 billion. Around 9 percent of the approved loans were approved for projects outside the EU. By providing these loans, the EIB also plays a key role in supporting EU enlargement. The loans are used to finance improvements in infrastructure, research and industrial manufacturing to help those countries prepare for eventual EU membership.

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. Last year, the EIB created a list of projects to be considered for approval and posted the list on its website. The EIB website contains information on upcoming tenders related to EIB-financed projects: http://www.eib.org/projects/pipeline/index.htm

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. The database features all EIB-financed contracts that are open to U.S.-based companies. 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.
http://export.gov/europeanunion/grantstendersandfinancing/cseutendersdatabase/index.asp

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Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

European Investment Bank: http://www.eib.org/infocentre/contact/index.htm

Export-Import Bank of the United States: http://www.exim.gov

OPIC: http://www.opic.gov

Trade and Development Agency: http://www.tda.gov/

SBA's Office of International Trade: http://www.sba.gov/oit/

USDA Commodity Credit Corporation: http://www.fsa.usda.gov/ccc/default.htm

U.S. Agency for International Development: http://www.usaid.gov

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Chapter 8: Business Travel

Business Customs
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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.

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For detailed information, please check the State Department Consular Information Sheet http://travel.state.gov/travel/cis_pa_tw/cis/cis_1024.html

Embassy and Consulate locations

The U.S. Embassy in Madrid is located at Serrano, 75, and is open from 8:30 a.m. to 5:30 p.m.; telephone (34) 91-587-2200. 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.

There is a U.S. Consulate 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 (http://madrid.usembassy.gov/cons/offices.html) in the following locations. For routine services, please call ahead for an appointment and to confirm that the Consular Agent will be available.

* Málaga (Fuengirola): Avenida Juan Gomez “Juanito”, 8, Edificio Lucia 1C, 29640 Málaga; telephone (34) 95-247-4891; hours 10:00 a.m. to 2:00 p.m., M-F;

* Canary Islands, Las Palmas: Edificio Arca, c/ Los Martínez de Escobar, 3, oficina 7, 35007 Las Palmas de Gran Canaria; telephone (34) 92-827-1259; hours 10:00 a.m. to 1:00 p.m., M-F;

* Palma de Mallorca: Edificio Reina Constanza, Porto Pi, 8,9d, 07015 Palma de Mallorca; telephone (34) 97-140-3707 hours 10:30 a.m. to 1:30 p.m., M-F;

* Seville: Plaza Nueva 8-8 duplicado, 2nd. floor, E2, Nº 4, 41001 Sevilla; telephone (34) 95-421-751; hours 10:00 a.m. to 1:00 p.m., M-F;

* Valencia: Calle Dr. Romagosa, 1-2, J, 46002 Valencia; telephone (34) 96-351-6973; hours 10:00 a.m. to 2:00 p.m., M-F.

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 or by fax at (34) 91-563-0859, and by e-mail at Madrid.Office.Box@mail.doc.gov

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. 91-587-2200.

Please consult this website regarding emergency assistance:
http://madrid.usembassy.gov/citizen-services/emergency-assistance.html

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 317-472-2328.

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Please refer to the latest Consular Information Sheet on Spain available at http://travel.state.gov.

The Embassy website at http://madrid.usembassy.gov/citizen-services/information-for-travelers.html has additional information.

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.
http://madrid.usembassy.gov/citizen-services/information-for-travelers/traveling-to-spain.html

Entry requirements for the United States

U.S. companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. 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:
http://travel.state.gov/visa/index.html

ESTA Travel Authorization:
https://esta.cbp.dhs.gov/

U.S. Embassy Madrid / Consular Section:
http://madrid.usembassy.gov/visas.html
http://madrid.usembassy.gov/visas/travel/without.html

U.S. Customs and Border Protection:
http://www.cbp.gov/xp/cgov/travel/id_visa/business_pleasure/vwp/
(Include information here on visa requirements entering this country.)

Telecommunications [Return to top]

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 [Return to top]

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.

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. 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 at: http://travel.state.gov/travel/tips/safety/safety_1179.html

Language [Return to top]

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.

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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 I international travelers can provide further information on health matters: (404) 332-4559.

For more details, please check
http://travel.state.gov/travel/cis_pa_tw/cis/cis_1024.html

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Spanish National Holidays

The Government of Spain publishes a list of official holidays every year. The holidays authorized for 2014 are:

January 1	New Year's Day
January 6	Epiphany
April 17	Easter Thursday
April 18	Easter Friday
May 1	Labor Day
June 18	Corpus Christi
August 15	Our Lady's Assumption
November 1	All Saints Day
December 6	Constitution Day
December 8	Feast of the Immaculate Conception
December 25	Christmas Day

In addition to these national holidays, other local holidays vary by region and city.

In Madrid:

May 2	Regional Holiday-Madrid
May 15	St. Isidro, Patron of Madrid
November 10	Our Lady of Almudena

In Barcelona:

April 21	Easter Monday
September 11	Regional Holiday - Catalonia
September 24	La Merced – 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 20	Martin Luther King's Birthday
February 17	Presidents' Day
May 26	Memorial Day
July 4	Independence Day
September 1	Labor Day

October 13	Columbus Day
November 11	Veterans Day
November 27	Thanksgiving Day
December 25	Christmas Day

The following U.S. Consulates will observe all Embassy Madrid holidays but will also be ***closed*** on these days:

U.S. Consulate Palma de Mallorca*:*

January 20	San Sebastian – Palma only
Dec 26	St. Stephen's Day

U.S. Consulate Las Palmas (Canary Islands):

March 4	Carnival Tuesday
May 30	Regional Holiday - Canary Islands
June 24	San Juan
September 8	Local holiday (Day of the Pine)

U.S. Consulate Seville*:*

February 28	Day of Andalusia
April 16	Feria de Sevilla (Seville Fair)
May 30	San Fernando
June 19	Corpus Christi

U.S. Consulate Málaga*:*

February 28	Day of Andalusia
July 16	Our Lady of Carmen

U.S. Consulate Valencia*:*

January 22	St. Vincent the Martyr
March 19	St. Joseph
April 21	Easter Monday
April 28	St. Vincente Ferrer
October 9	Regional Holiday - Day of the Valencian Community

A full listing of official holidays observed by the Embassy is available at: http://madrid.usembassy.gov/about-us/embassy-info/holidays.html

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.

Tipping

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 and Personal Belongings

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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.

Web Resources *Return to top*

U.S. Embassy Madrid: http://spanish.madrid.usembassy.gov/
U.S. Consular Services in Spain: http://madrid.usembassy.gov/citizen-services.html
U.S. Consulates in Spain: http://madrid.usembassy.gov/cons/offices.html
U.S. Commercial Service Spain: http:// www.export.gov/spain

Spanish Embassy in the US: http://www.spainemb.org
Tourist Office of Spain: http://www.okspain.org

Commercial Service at the U.S. Mission to the European Union General E-mail Address
brussels.ec.office.box@trade.gov

Current directory of Commercial Service staff and locations worldwide
http://www.export.gov/

State Department Visa Website
http://travel.state.gov/visa/visa_1750.html

Bureau of Consular Affairs: http://travel.state.gov
State Dept. Consular Information Sheet:
http://travel.state.gov/travel/cis_pa_tw/cis/cis_1024.html

Market Research Library
http://www.export.gov/mrktresearch/index.asp

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Chapter 9: Contacts, Market Research and Trade Events

- Contacts
- Market Research
- Trade Events

Contacts *Return to top*

United States Embassy in Spain:

Serrano, 75
28006 Madrid
Tel: (34) 91-587-2200
Fax: (34) 91-587-2303
http://madrid.usembassy.gov/

Ambassador	James Costos
Deputy Chief of Mission	Krishna Urs
Counselor for Public Affairs	Emilia Puma
Counselor for Agricultural Affairs	Rachel Bickford (September 2014)
Counselor for Administrative Affairs	Eric Khant
Counselor for Commercial Affairs	Robert Jones
Counselor for Consular Affairs	Angela Colyvas-McGinnis
Counselor for Economic Affairs	Anton Smith
Counselor for Political Affairs	Amy Tachco
Defense Attaché	Capt. Douglas J. Ten Hoopen
Office of Defense Cooperation	Capt. Gregory Molinari
Consul General Barcelona	Tanya Anderson

U.S. Commercial Service

Serrano, 75
28006 Madrid
Tel: (34) 91-564-8976
Fax: (34) 91-563-0859

Email: madrid.office.box@trade.gov
Web: http://www.export.gov/spain

Mailing Address (from the U.S.):
U.S. Commercial Service
U.S. Embassy Madrid
Unit 8500, Box 2101
DPO, AE 09642

Mailing Address from outside the United States:
American Embassy Madrid
Commercial Service
Serrano, 75
28006 Madrid, Spain

Counselor for Commercial Affairs	Robert Jones
Commercial Attaché	Keith Silver

Washington, D.C.

Donald Calvert
Spain and Portugal Desk Officer
U.S. Department of Commerce
Tel: (202) 482-9128
Fax: (202) 482-2897
Donald_Calvert@trade.gov

TPCC Trade Information Center: 1-800-USA-TRADE

Foreign Agricultural Service

Serrano, 75
28006 Madrid
Tel: (34) 91-587-2555
Fax: (34) 91-587-2556

Mailing address from the United States:
Office of Agricultural Affairs
U.S. Embassy Madrid
Unit 8500, Box 2000
DPO, AE 09642
Email: AgMadrid@fas.usda.gov
http://madrid.usembassy.gov/about-us/fas.html

Mailing address from outside of the United States:
American Embassy
Office of Agricultural Affairs
American Embassy Madrid
Serrano, 75
28006 Madrid, Spain

Agricultural Counselor	Robert Hanson / Rachel Bickford (September 2014)

Foreign Agricultural Service
U.S. Department of Agriculture
Washington, D.C. 20250
http://www.fas.usda.gov/

Washington, D.C.

USDA Foreign Agricultural Service
1400 Independence Avenue, SW Mail Stop 1001
Washington, DC 20250
http://www.fas.usda.gov/content/contact-us-0

U.S. Department of State
Bureau of Economic, Energy and Business Affairs
Tel: (202) 647-7911
Fax: (202) 647-3953
http://www.state.gov/e/eb/

Overseas Private Investment Corporation (OPIC)
Tel: (202) 336-8400
www.opic.gov

Small Business Administration Office of International Trade: http://www.sba.gov/oit/

Office of the U.S. Trade Representative:	http://www.ustr.gov/
Trade Compliance Center:	http://www.trade.gov/tcc
Export-Import Bank of the United States:	http://www.exim.gov
Trade and Development Agency:	http://www.tda.gov/

U.S. Agency for International Development: http://www.usaid.gov

Spanish Government Organizations

Spanish Embassy in the United States: http://www.spainemb.org

Spanish Environmental Protection Agency equivalent within the Ministry of Agriculture, Food and Environment (Dirección General de Calidad y Evaluación Ambiental, Ministerio de Agricultura, Alimentación y Medio Ambiente)
http://www.magrama.es/es/calidad-y-evaluacion-ambiental/temas/default.aspx

Ministry of Economy and Competitiveness:
http://www.mineco.gob.es/portal/site/mineco/menuitem.c4c89bb7919bf31a91b0240e026041a0/?vgnextoid=309a154527515310VgnVCM1000001d04140aRCRD

Ministry of Economy and Competitiveness - Guide to Investing in Spain:
http://www.investinspain.org/icex/cda/controller/interes/0,5464,5322992_6260603_6279011_0,00.html

Instituto de Comercio Exterior (ICEX)
(Spanish Institute for Foreign Trade): www.icex.es

Secretaría de Estado para la Unión Europea

Ministerio de Asuntos Exteriores y de Cooperación
(Secretary of State for the European Union, Ministry of Foreign Affairs and Cooperation)
www.maec.es

General Directorate of Public Health, Ministry of Health and Social Policy (Dirección General de Salud Pública y Sanidad Exterior, Ministerio de Sanidad, Servicios Sociales e Igualdad)
http://www.mspsi.gob.es/

Ministry of Industry, Energy & Tourism (Ministerio de Industria, Energía y Turismo):
http://www.minetur.gob.es/en-US/Paginas/index.aspx

Secretary of State for Tourism (Ministry of Industry, Energy and Tourism):
http://www.minetur.gob.es/turismo/en-US/Paginas/IndexTurismo.aspx

Spanish Tourism Institute: www.iet.tourspain.es

Data Protection Agency: https://www.agpd.es/index.php?idSeccion=8

Institute for Energy Diversification and Saving
Instituto para la Diversificación y el Ahorro de Energía IDAE): www.idae.es

Red Eléctrica de España (Electricity Transmission and Operations): www.ree.es

Secretary of State for Telecommunications and Information Society
http://www.minetur.gob.es/telecomunicaciones/es-ES/Paginas/index.aspx

Center for the Development of Industrial Technology (Centro para el Desarrollo Tecnológico Industrial – CDTI): www.cdti.es

Chambers of Commerce

American Chamber of Commerce in Spain: http://www.amchamspain.com

Spain-U.S. Chamber of Commerce: http://www.spainuscc.org/

Consejo Superior de Cámaras de Comercio, Industria y Navegación
(Higher Council of Chambers of Commerce): www.camaras.org

Cámara Oficial de Comercio e Industria de Madrid
(Madrid Chamber of Commerce and Industry):
www.camaramadrid.es / www.exportamadrid.com

Cámara Oficial de Comercio, Industria y Navegación de Barcelona
(Barcelona Chamber of Commerce, Industry and Navigation): www.cambrabcn.es

Cámara Oficial de Comercio, Industria y Navegación de Bilbao
(Bilbao Chamber of Commerce, Industry and Navigation): www.camarabilbao.com

Banks

Citibank: http://www.citibank.com/spain/consumer/spanish/
Bank of America:
http://corp.bankofamerica.com/public/public.portal?_pd_page_label=/products/regions/emea/contact

Bank of Spain: www.bde.es
BBVA: www.bbva.es
SCH: www.santander.com
La Caixa: www.lacaixa.es
Cajamadrid (Bankia): www.cajamadrid.es; http://www.bankia.es/en/home

Credit Reporting Agencies

Dun & Bradstreet: http://www.informa.es/infornet/Main/idioma/03/?country=es
Informa: http://www.informa.es
Axesor: http://www.axesor.es

Major Multipliers

CEOE – Spanish Confederation of Employers Associations: www.ceoe.es

Associations

Spanish Better Business Bureau: http://www.ocu.org
Spanish E-commerce & Relational Marketing Association: www.aecem.org
Spanish Federation of E-Commerce and Direct Marketing: www.fecemd.org
Spanish ICT Association (AETIC): www.aetic.es
Spanish Internet Companies Association (ANEI): www.a-nei.org
Association of Telecommunications Service Providers – ASTEL: www.astel.es
Spanish Franchiser Association: www.aefe.es
The Spanish Federation of Manufacturers, Exporters and Importers of Medical Devices (FENIN): www.fenin.es
Spanish Tourism Office: http://www.okspain.org
Office of Tourism: http://www.iet.tourspain.es/paginas/home.aspx?idioma=en-US

Agricultural Associations

Federación Española de Industrias Alimentarias y Bebidas (FIAB)
(Spanish Food and Drink Industry Federation): http://www.fiab.es/

Asociación Española para el Comercio Exterior de Cereales y Productos Análogos (AECEC) - (Spanish Cereal Trade Association): aecec@movistar.es

Almendrave
(Almonds and Hazelnuts Exporters/Importers Association): http://www.almendrave.com/

Confederación Española de Alimentos Compuestos para Animales
(Spanish Federation for Prepared Foods, for Animals): http://www.cesfac.es/

Federación de Industrias Lácteas
(National Federation of Dairy Industries): http://www.fenil.org/

AFOEX
(Oilseed Crushers Association): www.afoex.es

Asociación Española de Importadores de Maderas
(Spanish Wood Importers Association): http://www.confemadera.es/

APROSE
(Seed Producers Association): http://www.aprose.es/

Asociación Industrial del Textil del Proceso Algodonero
(National Cotton Processors Association Center):http://www.aitpa.es/index.html

Asociación de Transformadores de Maíz Vía Húmeda (HUMAIZ)
(Wet Millers Corn Association):
http://www.fiab.es/es/asociaciones/asociaciones.asp?pg=3

Grain Marketing

Llotja de Cereales de Barcelona
(Cereal Market of Barcelona): http://www.llotjadecereals.com/

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: http://www.export.gov/mrktresearch/index.asp and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events

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Please click on the link below for information on upcoming trade events.

http://www.export.gov/spain/index.asp

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Chapter 10: Guide to Our Services

The President's National Export Initiative marshals Federal agencies to **prepare U.S. companies to export successfully**, **connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: http://www.export.gov/spain/index.asp

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E).**

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