



BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN SPAIN 2022

A REPORT FROM TEAM SWEDEN IN SPAIN

CONTRIBUTORS TO THIS REPORT

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FOREWORD

Sweden and Spain enjoy a strong bilateral relationship within trade and investment, share high and ambitious sustainability goals and have focused our respective recovery and resilience plans on the green transition. Many of our companies offer innovative and cutting-edge solutions for the sustainability challenges of today and have taken a global lead in the green transition. This synchronization in public policies, innovation and investments opens new possibilities for a closer partnership between our two countries. Both Spain and Sweden have realized that to make this green transition possible, we must work together and draw on each other's strengths. The state visit by their Majesties King Felipe VI and Queen Letizia to Sweden in November of 2021 reaffirmed the mutual interest to continue strengthening the political, commercial, and cultural relations between Sweden and Spain.

2021 was a year still marked by the Covid-19 pandemic, but the arrival of the long-awaited vaccine led to a major improvement compared to 2020. The quick rollout of the national vaccination programme in Spain gave us all hopes for a brighter future and 2021 can now, in retrospect, be considered a good year in many aspects. The relationship between Sweden and Spain was reaffirmed and strengthened, our respective economies began to recover, and the Next Generation EU package and national recovery plans were launched. In addition, several large-scale investments between our two countries were announced, with the hope of accelerating the transition towards a more sustainable society.

Team Sweden Spain (the Embassy of Sweden in Spain, Business Sweden, the Swedish-Spanish Chamber of Commerce in Madrid and the Swedish-Spanish Chamber of Commerce in Barcelona) have once again joined forces and carried out a business climate survey among Swedish companies currently present in Spain. The purpose of the survey has been to assess the performance of Swedish companies in Spain and as well as to provide an overview of some of the opportunities and challenges they face in the Spanish market. Comparing the results from previous business climate surveys also allows Team Sweden Spain to better understand how Swedish companies in Spain and the bilateral trade relations are developing.

The Business Climate Survey for Spain 2021 reveals that Swedish companies in general viewed the business climate in 2021 as improved compared to 2020, with a more positive outlook on the future for their businesses. However, some key challenges remain, mainly related to labour market regulations, administrative processes, and corporate taxation. Additionally, the global economic turbulence following Russia's invasion of Ukraine in February 2022 has added a layer of uncertainty that is impacting business in different ways. Nonetheless, the overall positive results observed in this year's survey suggest that Swedish companies in Spain are well positioned to adapt to the changing business climate.

Finally, we would like to take the opportunity to extend our most sincere gratitude to the participating companies for the knowledge and insights that they have shared with us.



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Ambassador of Sweden
to Spain



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Trade Commissioner,
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EXECUTIVE SUMMARY



ECONOMIC OUTLOOK

- **77 per cent** of the surveyed Swedish companies reported profitability in 2021
- **74 per cent** expect their turnover to increase in 2022
- **40 per cent** of the respondents plan to increase their investments in



BUSINESS CLIMATE

- **33 per cent** (up from last year's 11 per cent) of the surveyed Swedish companies view the business climate as good/very good, while **48 per cent** as neutral and **19 per cent** as poor/very poor
- **Key advantages:** physical infrastructure and access to partners



KEY SUCCESS FACTORS

- Feedback from customers, sales competence, cost efficiency and partnerships/local relationships are perceived as key success factors
- **71 per cent** of the Swedish companies agree that the Sweden as a brand contributes positively to their business in Spain



SUSTAINABILITY

- **64 per cent** of Swedish companies say that customers in Spain consider environmental aspects of a product/service to some extent
- **88 per cent** of the respondents do not perceive that corruption affects their businesses in Spain in any way



COVERAGE

- **190** Swedish companies in Spain were invited to participate in the survey and 69 of them have shared their views
- Majority of survey participants are large businesses working within the industrial sector, established in Spain prior to year 2000

ABOUT THE SURVEY

Survey results are based on the answers of 69 Swedish companies

Almost 200 Swedish companies out of the approximately 600 Swedish companies present on the Spanish market received the survey and the main question has been how these companies perceive the business climate in Spain. Moreover, the purpose of the survey has been to track how Swedish companies operating in the Spanish market experience the market conditions, the economic situation today and the outlook for the near future. 69 companies responded to the survey, which was conducted in March-April of 2022, thus yielding a response rate of around 35 per cent.

The survey report is divided in to four main sections. In the first section, we elaborate on the economic status and business performance of Swedish companies and their outlook the coming 12 months. We then shift to the Spanish market itself and respondents' viewpoints on the business climate and what factors contribute in positive and negative terms to their commercial result. The third section deals with Swedish companies' operations and perceived success factors on the market and the last section talks about aspects related to sustainability and how they are dealt with on the market.

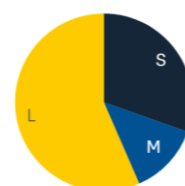
Out of the responding companies, more than half of them (57 per cent) constitute large companies with 1000+ global employees. 13 per cent of the companies are medium sized with between 250-1000 global employees, while 30 per cent are classified as small companies with less than 250 global employees.

The wide range of sectors that the responding Swedish companies represent are grouped into three broad categories in this report: industrial companies (51 per cent), professional services (26 per cent) and consumer companies (12 per cent).

In terms of experience in the Spanish market, 63 per cent of the responding companies established their operation in Spain prior to year 2000 (Mature), 27 per cent of the companies between 2001-2015 (Experienced) and 11 per cent after 2015 (Newcomer).

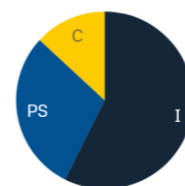
We hope that this report will provide you with valuable insights on how Swedish companies in Spain view the business climate and market, and what their expectations are for the future.

SIZE OF COMPANIES



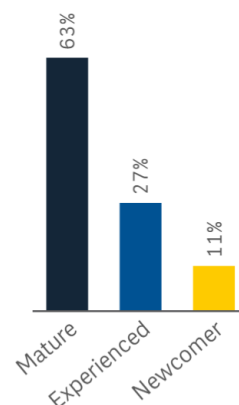
NOTE: Global employees. Large >1000. Medium 250-1000. Small 0-249.

MAIN INDUSTRY



NOTE: 51% Industrial (I), 26% Professional services (PS), 12% Consumer (C).

AGE OF COMPANIES



NOTE: Mature (<2000). Experienced (2001-2015). Newcomer (2016-)

ECONOMIC OUTLOOK

Spain's post-pandemic recovery in 2021 gives a positive view on the economic outlook

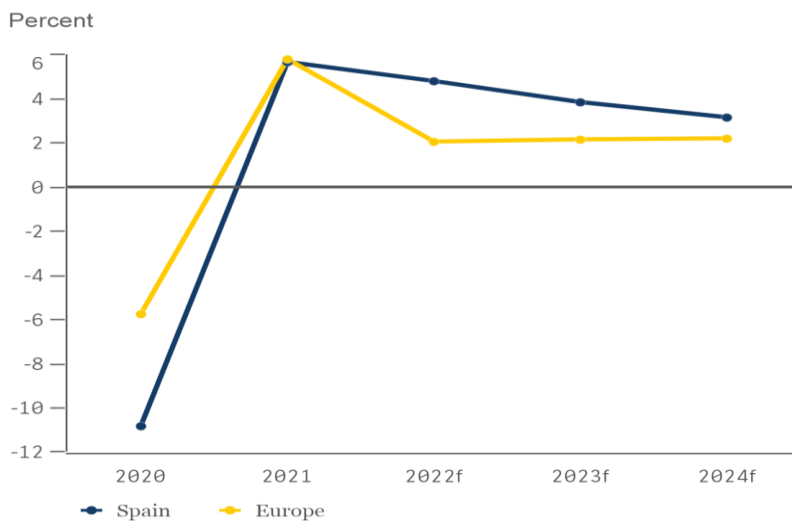
Before we dive into the economic outlook of Spain and the impact the pandemic has had on the economy, it is good to understand where Spain was economically before the pandemic. Spain had just begun to recover from the crisis of 2008-2014 when 2020 arrived and the pandemic completely swept away years of recovery. In 2015, when Spain bounced back, the country recorded a GDP growth of almost 4 per cent (among the highest in the EU) and a 3 per cent growth in 2016, recovering 85 per cent of the GDP lost between 2008-2014 in only two years. In 2019, right before the pandemic hit, Spain had recorded a GDP growth of around 2 per cent and unemployment rate had fallen from 26 per cent in 2013 to 14 per cent in 2019.

Although 2020 was an extremely challenging year for Spain, the economy did bounce back to some extent during 2021 with a recorded GDP growth of 5.8 per cent, in line with the recovery of most of Europe. The forecasted GDP growth for 2022 and 2023 are expected to be at 5.5 per cent and 4 per cent respectively, higher than the European average. Looking at key sectors in Spain, tourism experienced a positive recovery with eight times more incoming tourists compared to in April 2021 and 85% of recovered tourists compared to the same month in 2019. Another key sector which was impacted by pauses in production due to the pandemic, is the automotive sector which has not experienced the recovery many in the industry had been hoping for. Shortages of key components in the supply chain has additionally impacted the automotive sector on a European level and Spain has not been exempted from this challenge. In 2021, the automotive sector experienced a decrease in production of around 29% compared to 2019 and 9% compared to 2020.

“ Inflation is here to stay and will be a disruptive factor to consider in the coming year.

Survey respondent

PROJECTED GDP GROWTH IN SPAIN



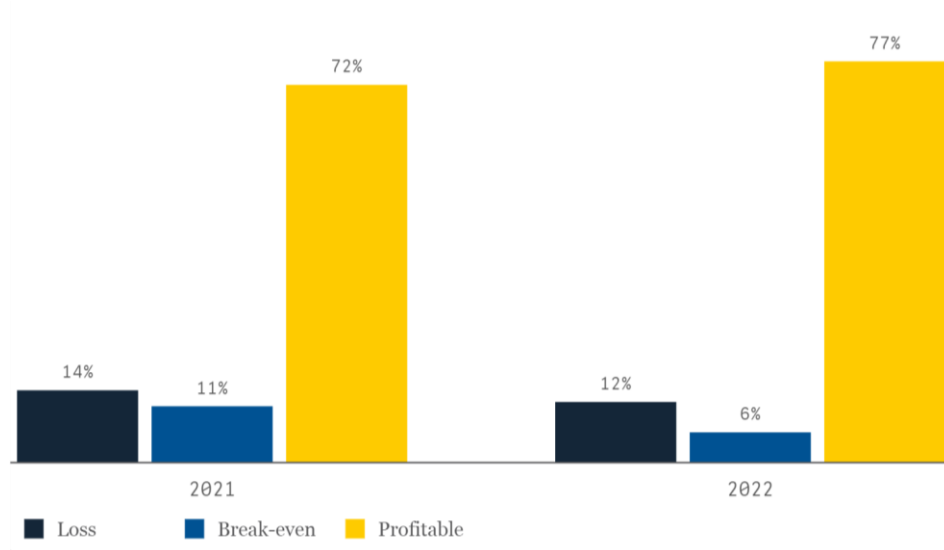
NOTE: Constant prices.
SOURCE: Oxford Economics 2022, GDP, real, annual growth. Last update: 20 April 2022.

2021 was a profitable year for most of the Swedish companies surveyed

The recovery of the Spanish economy in 2021, albeit to some extent a humble one, was reflected in Swedish companies' financial performance. 77 per cent of the Swedish companies reported a profitable year in 2021, up from 72 per cent in 2020. Thus, less companies reported a loss or a breakeven compared to the previous year. There are some differences to keep in mind in terms of size of the companies and their profitability. 89 per cent and 85 per cent respectively of the medium and large sized companies reported a profitable 2021, while 57 per cent of the small sized companies reported profitability. Moreover, there are variations in profitability that can be observed with regards to the experience of Swedish companies in the Spanish market. 78 per cent of mature companies and 88 per cent of experienced ones reported a profitable 2021, while only 29 per cent of newcomers did so. The newcomers also reported the highest loss at 43 per cent while only 10 per cent of the mature ones and 6 per cent of the experienced ones did so. In terms of industries, no major variation could be observed.

▶ **77 per cent of Swedish companies surveyed reported a profitable 2021**

HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN SPAIN IN 2021?

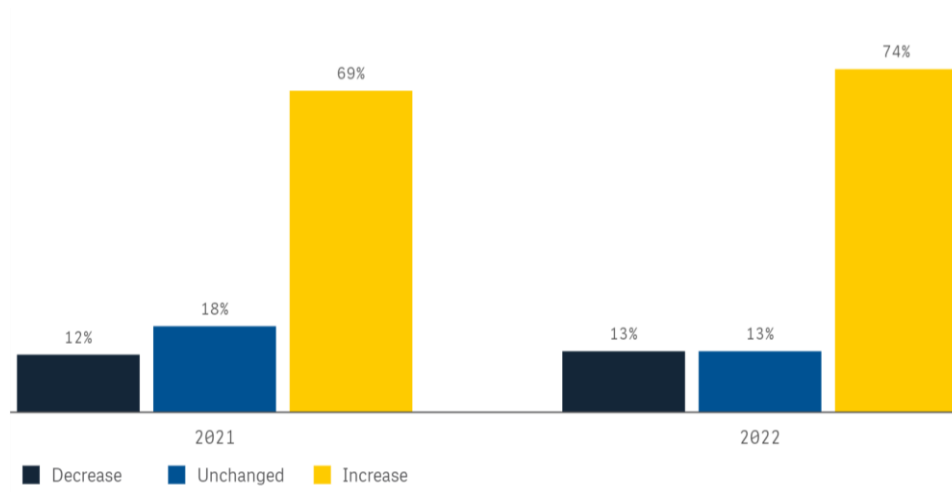


NOTE: The number of respondents for this question was 69. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Spain 2022.

Most companies present a positive outlook

The short-term outlook, more specifically in the coming 12 months, indicates optimism where 74% of respondents are expecting an increase in turnover. In 2021, this number was merely 69%. An interesting observation is that 100 percent of consumer companies expect an increase in turnover this year, but only 70% of companies from the professional services and industrial sector expect the same. A similar observation was made last year, where consumer companies had the most positive outlook in terms of turnover development. This is most likely related to the recovery in gradual increase of consumption that is taking place due to the increased reopening of society during the last 12 months and the decrease of social restrictions. In terms of decreasing turnover, industrial companies are having the most negative outlook with 20 per cent expecting a decrease while 6 per cent of professional services companies expect the same. Here, the increase of supply chain costs (components and logistics among others) is a likely reason to the somewhat pessimistic outlook for some of these industrial companies. Swedish companies, classified as newcomers to the Spanish market are to a higher degree expecting an increase in turnover with 71 per cent of surveyed companies indicating so, compared to 40 per cent in 2021. The same goes for the experienced companies, while the mature ones have slightly higher expectations (75 per cent).

COMPARED TO THE DEVELOPMENT IN THE PAST 12 MONTHS, WHAT ARE YOUR EXPECTATIONS FOR THE COMING 12 MONTHS FOR YOUR INDUSTRY IN SPAIN REGARDING TURNOVER?



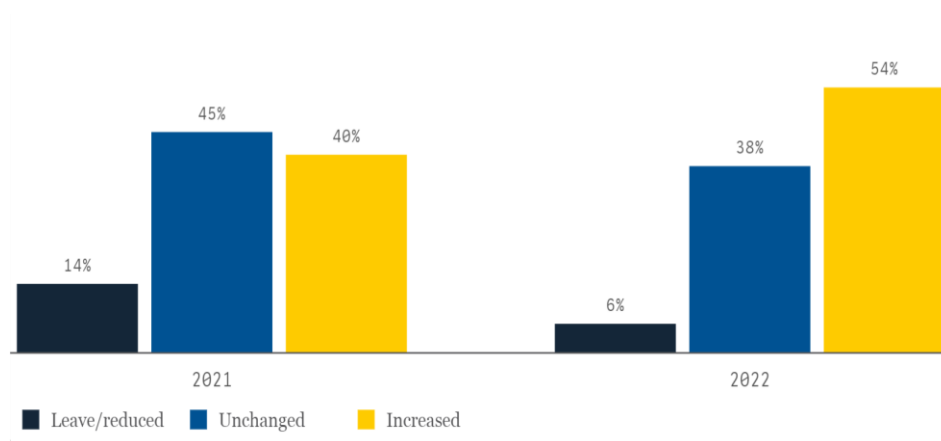
NOTE: Decrease and increase represent aggregations of slight / significant development changes. The number of respondents for this question was 69. "Don't know / Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Spain 2022

Increased optimism towards investment as the pandemic is put/left behind us

A clear observation can be made in terms of investment appetite for Swedish companies in 2022 compared to 2021. 54 per cent of the surveyed companies indicated an increase in investments for the coming 12 months, compared to last year's survey, when that number was only 40%. At the same time, fewer Swedish companies indicate a divestment of some sort with 6 per cent responding that they will reduce their investment or leave, compared to 14 per cent when asked in 2021. An interesting observation to be made here is that the companies indicating a divestment are all those considered mature in the market. Moreover, companies considered newcomers to the market indicate the highest expectations for an increase in investments (71 per cent), while around 50 per cent of both mature and experienced companies expect the same. Another interesting observation is that professional services companies indicate the highest appetite for future investments (61 per cent), compared to industrial and consumer companies (around 50 per cent). For around 40 per cent of the companies across industries, investments will remain unchanged.

► **54 per cent of Swedish companies are planning to increase their investment into the Spanish market, compared to 40 per cent in 2021**

WHAT ARE YOUR COMPANY'S INVESTMENT PLANS FOR THE COMING 12 MONTHS IN SPAIN, COMPARED TO THE PAST 12 MONTHS?



NOTE: The number of respondents for this question was 69. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Spain

THE MARKET

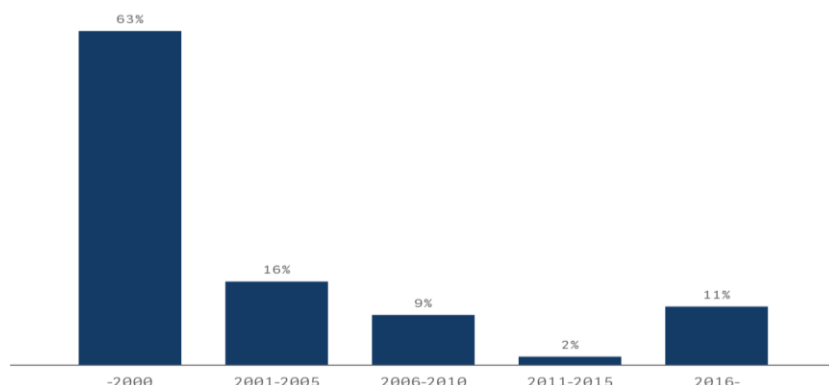
Large market with linkage to the world

Spain is the 4th largest economy in the EU and the 14th largest in the world, with a population of around 47 million people. Spain and Sweden's long-standing trade relationship has been solid with a relative trade balance between the two countries. In 2020, Sweden exported goods and services with a value of €2.82 billion, while Spain's export to Sweden was €2.68 billion. During the last 25 years, Sweden's export to Spain has experienced an annual increase of 2.38 per cent (1995-2020). During the last two years, the relationship between Sweden and Spain has been further strengthened with large scale cross-border investments within industries of strategic importance. The relationship with regard to Foreign Direct Investments has gained some momentum, and the Royal state visit from Spain to Sweden in November 2021 reaffirmed this new chapter in Swedish-Spanish relations.

Despite Spain being one of the hardest hit in Europe by the pandemic, Spain continues to be an important market for foreign companies in general and Swedish in particular. Around 20 000 foreign companies are present in the Spanish market, of which around 600 are Swedish. Some factors making Spain an attractive market to do business in is its highly developed infrastructure network throughout the country with the longest high-speed railway network in Europe and the second longest globally, after China. Moreover, a highly developed healthcare, automotive and agricultural sector continues to attract interest from Swedish companies. In addition, the country's historical and cultural ties with Latin America maintains Spain as a link to a wider global market within a set of industries.

The Spanish market has historically been and continues to be a market where the majority of Swedish companies have been present for more than a couple of decades. In this year's survey, 63 per cent of the companies participating in the questionnaire were companies that have been established on the market prior to the year 2000. 47 per cent of the Swedish companies have established their presence in the years after 2000.

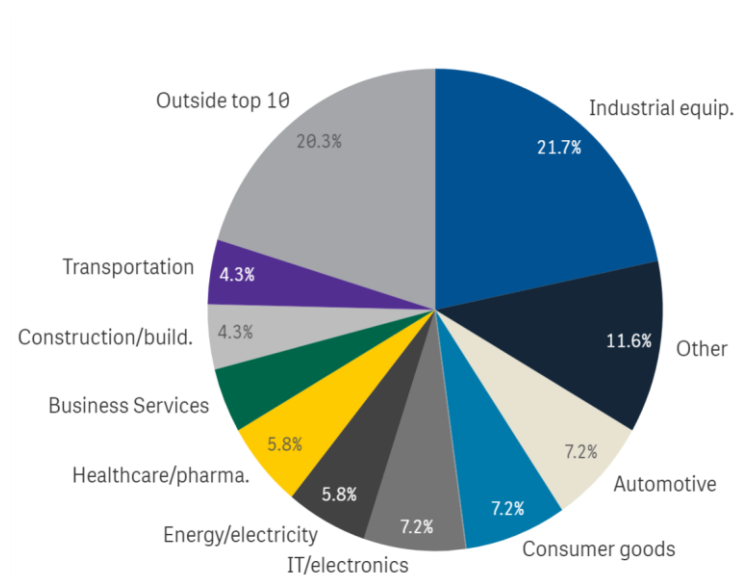
IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN SPAIN?



NOTE: The number of respondents for this question was 69 "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Spain 2022.

Swedish companies present in Spain are active within a wide range of industries, although some industries constitute larger shares than others. Out of the companies surveyed, the industrial equipment sector is by far the largest one, representing 21.7 per cent. Other important sectors include automotive, consumer goods and IT/Electronics, to name a few. All in all, the Swedish business community present in Spain do showcase a variety of business and their activities.

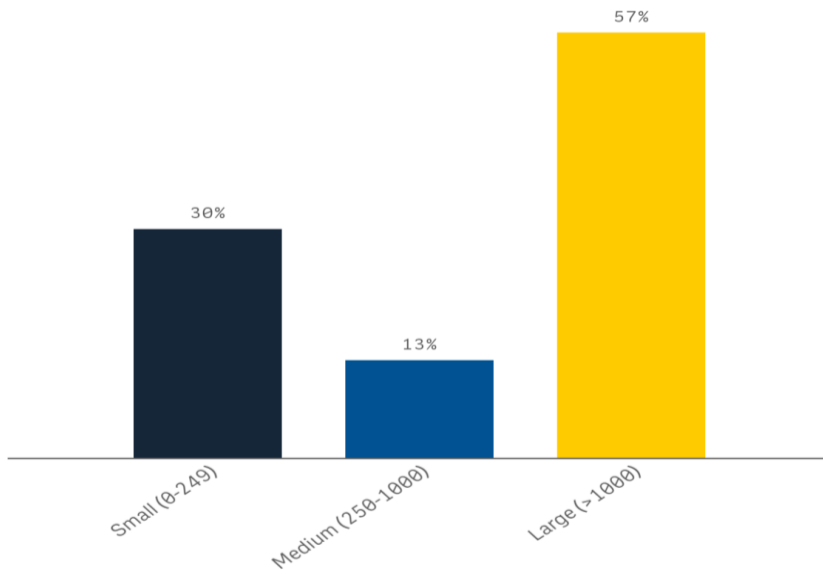
WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN SPAIN?



NOTE: The number of respondents for this question was 69. "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in Spain 2022.

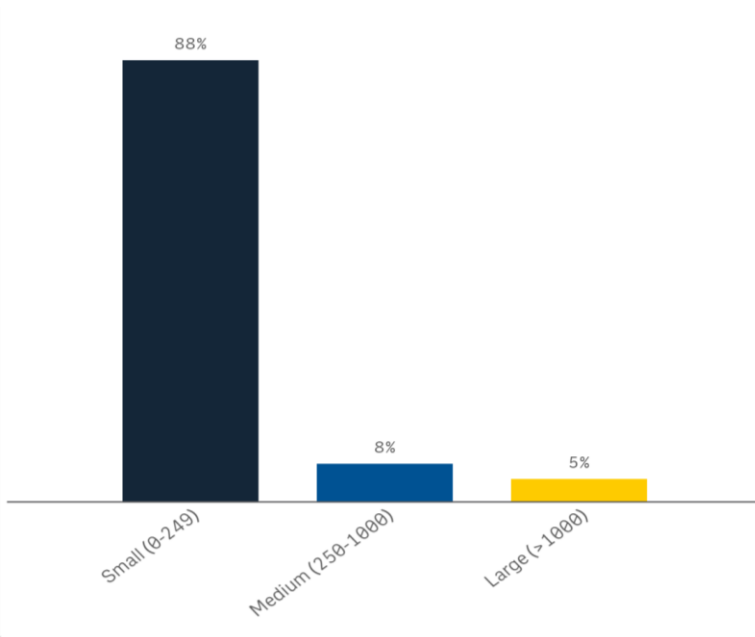
The overwhelming majority (88 per cent) of the Swedish companies surveyed, employs only a small number of people in Spain, with only 5 per cent employing a local workforce of more than 1000 people. No difference could be observed when comparing with last year's responding companies, neither when comparing across industries. Although, the longer the period a company has been present on the Spanish market the greater the likelihood of having more than 250 employees.

SWEDISH FIRMS' GLOBAL NUMBER OF EMPLOYEES IN 2021



NOTE: The number of respondents for this question was 69. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Spain 2022.

SWEDISH FIRMS' LOCAL NUMBER OF EMPLOYEES IN SPAIN IN 2021



NOTE: The number of respondents for this question was 69. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Spain 2022.

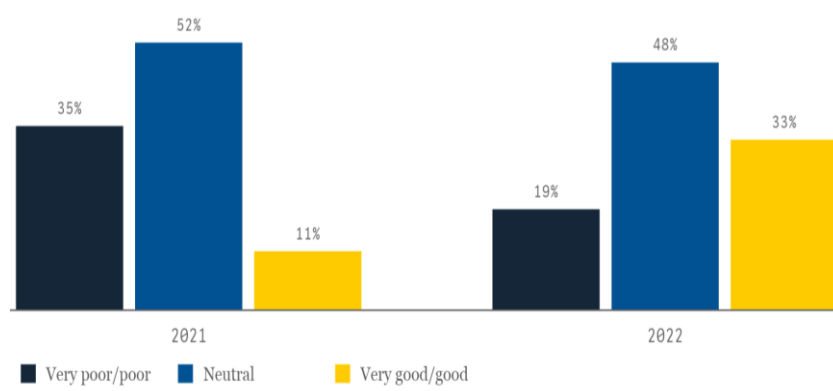
Improved business climate in Spain according to Swedish companies on the market

By having a look at how Swedish companies perceive the current business climate, some positive changes can be observed when comparing with last year's responses. Although, the pandemic did have a severe impact on the Spanish economy on levels never observed before, the change in attitude of the Swedish companies surely indicate a positive view on the business climate moving forward. For the survey sent out during spring of 2022, 33 per cent of the companies indicated a positive view on the business climate, compared to 11 per cent in 2021. Looking at the other side of the spectrum, 19 per cent of the companies indicated a poor or very poor view of the business climate in Spain, compared to 35 per cent in 2021. Taking into account that the pandemic was still very much present during the second half of 2021, and to some extent in the beginning of 2022, this change in how the business climate has been perceived is promising and indicate that Spain has been able to maintain a somewhat strong business environment.

By segmenting the survey responses based on industries and size, some interesting observations can be made. Companies within the professional services sector indicate the most positive view on the business climate at 33 per cent, compared to 30 per cent for industrial companies and 25 per cent for consumer. The same consumer companies did, in addition, indicate the most negative view on the business climate at 38 per cent, compared to professional services and industrial companies at 17-18 per cent for both. In terms of size of the companies sharing their views on the business climate in Spain, the medium sized companies indicated by far the most positive view at 56 per cent, compared small or large companies at around 30 per cent for both categories. Moreover, the large companies were the ones that indicated the most negative view on the business climate at 27 per cent while the figure was 14 per cent for small companies.

When asked to comment on the business climate in Spain, some challenges are raised and important to highlight, for example the market's orientation around price with competition from Chinese companies in a variety of sectors. This constitute a challenge as a large portion of Swedish companies in general and those in Spain in particular rarely has price as their main advantage.

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN SPAIN?



NOTE: The number of respondents for this question was 69. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Spain 2022.

Satisfactory physical infrastructure, although administrative processes remain challenging

In order to assess the business climate in Spain further, it is important to gain an understanding of to what extent the conditions on the market meet the needs of the Swedish companies present. We asked Swedish companies to evaluate to what degree certain factors met their needs in the Spanish market with some similarities to observe when comparing with last year's responses. In 2022, physical infrastructure and personal safety scores the highest, together with access to local partners (distributors, service providers, suppliers). The same was for 2021, although in a different order with access to local partners scoring the highest. Looking at those factors that impact the business conditions negatively, we can similar to last year find transparency/equal treatment, licences and permits, corporate taxation and labour market regulation.

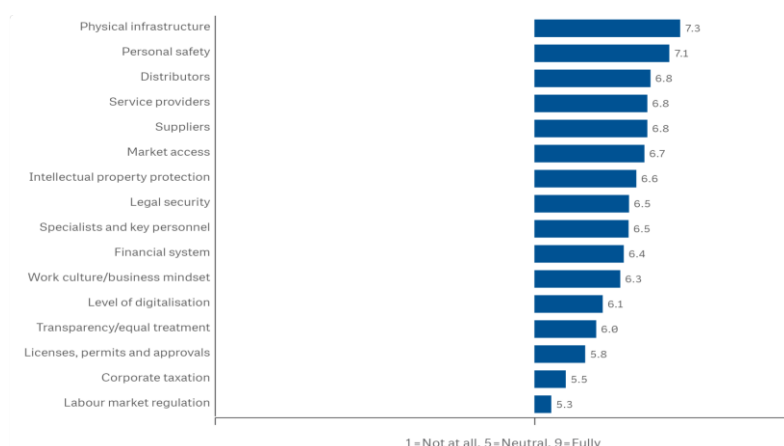
When asked to comment, Spain's administrative system, which consists of 17 autonomous regions, has been raised as a factor that increases the country's complexity in terms of regulations to technology. Another viewpoint that has been highlighted is the business culture and the importance of being aware of its difference from Swedish business culture. Establishing personal relationships with potential partners/customers is deemed important to really engage in business in Spain. Moreover, and although not unique for Spain, the high inflation rate has been raised by several survey respondents as well as a challenging factor to really take into consideration for the coming year and which likely will impact an already price concious market.

Digitalization is another aspect that has room for improvement in a Spanish context, espacially when comparing with Sweden. Spain is set to receive substantial support from the Next Generation EU Recovery funds assigned to increase digitalization of the Spanish society and this has created significant expectations from the business community in Spain. Comparing the rate of digitalization in Spain with Sweden could provide som further understanding to the situation in the country. According to the Digital Economy and Society Index (DESI) ranking developed by the European Comission, Sweden puts itself third in EU while Spain in comparison ranks 9th.

“ The complexity of our 17 autonomous regions will be felt when regulations are being adapted to new technology

Survey respondent

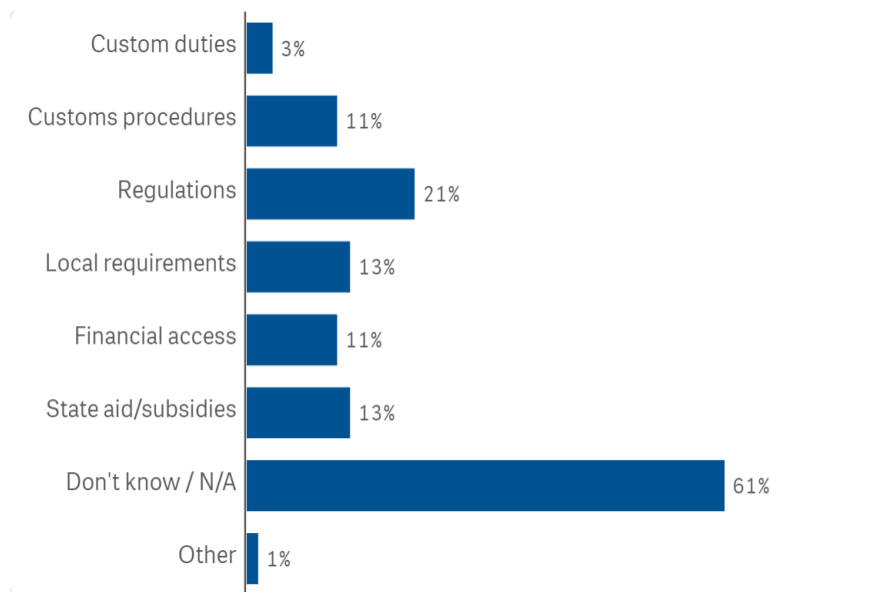
PLEASE RATE FROM 1-9 HOW THE BELOW CONDITIONS MEET THE NEEDS OF YOUR COMPANY'S BUSINESS IN SPAIN



NOTE: The number of respondents for this question was 69. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Spain 2022.

Although 61% of Swedish companies do not indicate any specific barriers related to trading with Spain, doing business in the country does have its fair share of challenges to consider. The regulative landscape is highlighted as the most significant hinder in terms of doing business, with survey respondents highlighting lack of clarity and transparency when dealing with regulatory matters. As has been mentioned previously, Spain's 17 autonomous regions adds a layer of complexity as national regulations are in many cases implemented by regional authorities within the different autonomous regions.

HAS YOUR COMPANY IN THE PAST YEAR ENCOUNTERED TRADE BARRIERS IN SPAIN WITH A NOTICEABLY NEGATIVE IMPACT ON OPERATIONS, IN ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 69.
SOURCE: Business Climate Survey for Swedish Companies in Spain 2022.

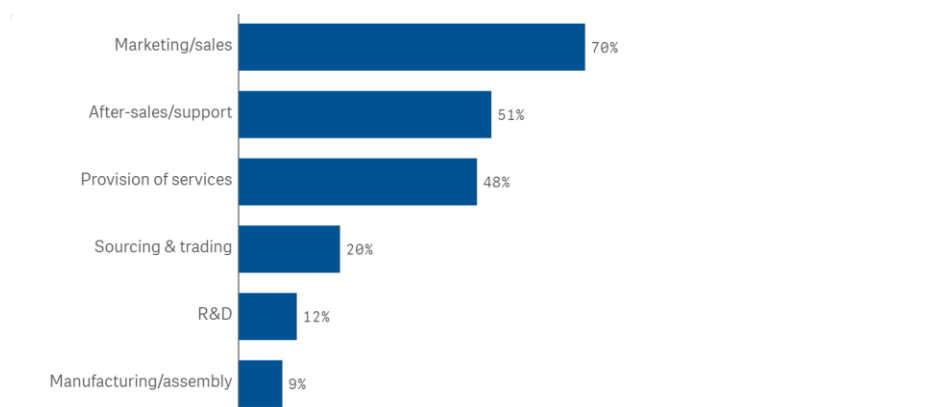
HOW SWEDISH COMPANIES SUCCEED IN SPAIN

Sales and marketing activities are the main operations for Swedish companies in Spain

Swedish companies maintain a relatively diverse range of operations in the Spanish market, although most of the Swedish companies surveyed (70 per cent) highlighted marketing & sales activities as their main operations. After-sales and providing services are two other areas where Swedish companies are quite active in the market, with around 50 per cent of surveyed companies highlighting these areas. Although Spain being quite an established market for production and assembly, only 9 per cent of Swedish companies indicate this activity for their Spanish operations.

Sales and marketing activities are particularly highlighted by Swedish companies active within the manufacturing and consumer sectors. Moreover, after-sales support is quite naturally indicated by manufacturing companies, while sourcing and trading is especially highlighted by consumer companies.

OPERATIONS OF SWEDISH FIRMS IN THE MARKET

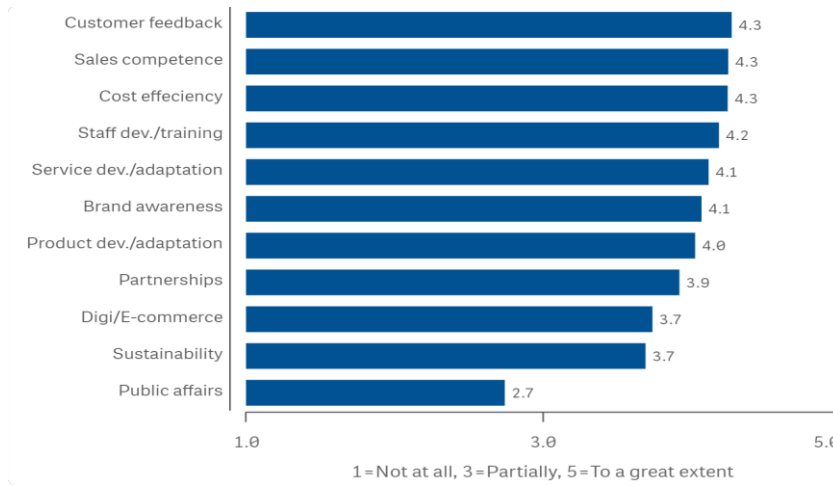


NOTE: The number of respondents for this question was 69. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Spain 2022.

Competitiveness driven by customer feedback and sales competence

In terms of factors important for Swedish companies to stay competitive in Spain, some interesting indications can be observed when comparing with last year's survey. This year, important factors driving competitiveness include Customer Feedback, Sales competence and Cost efficiency. As sales and marketing activities are the main operations for Swedish companies in Spain, being adherent to customer feedback and having a competent sales organization should not come as a surprise. An interesting observation when comparing with last year's result is that partnerships is not indicated as important as previous year. Similar to last year, activities related to maintaining relations with government authorities has been indicated as less important for Swedish companies' success in Spain.

TO DATE, WHICH OF THE FOLLOWING AREAS HAVE BEEN IMPORTANT IN MAINTAINING COMPETITIVENESS IN SPAIN?



NOTE: The number of respondents for this question was 69. "Don't know/Not applicable" responses are included but not shown in figure. SOURCE: Business Climate Survey for Swedish Companies in Spain 2022.

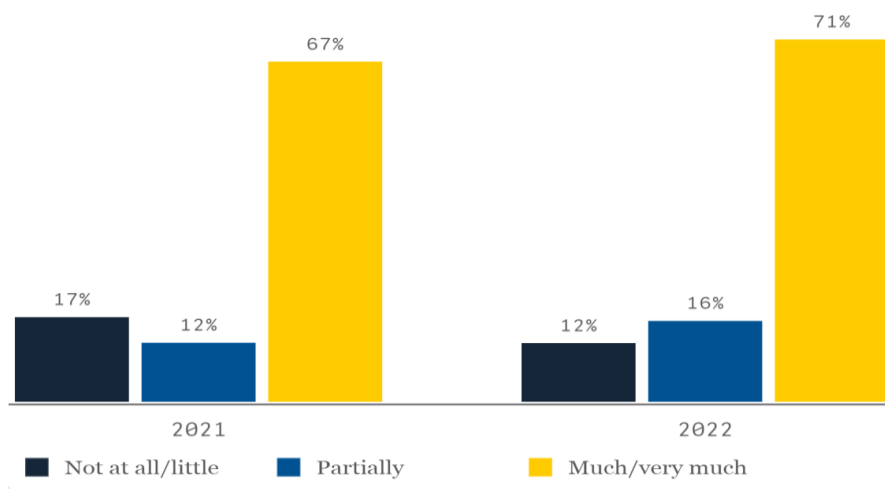
“Swedish brand” has its impact

Sweden has, in general, a very good reputation in Spain and this aspect does to some extent contributes to the success of Swedish companies in the market. Compared to last year’s survey, a small increase (67 to 71 per cent) can be observed of companies indicating that the “Swedish brand” contributes to their business in Spain much or very much. This is particularly the case for larger Swedish companies within the industrial sector. Most companies indicating minimal impact of the “Swedish brand” on their business can be found within the professional services sector.

“Sweden is associated with quality, innovation, and reliability. This creates trust and helps us to some extent when entering the Spanish market

Survey respondent

TO WHAT EXTENT WOULD YOU ESTIMATE THAT THE “SWEDISH BRAND” CONTRIBUTES TO YOUR BUSINESS IN SPAIN?



NOTE: The number of respondents for this question was 69. "Don't know/Not applicable" responses are included but not shown in figure. SOURCE: Business Climate Survey for Swedish Companies in Spain 2022.

ACTING SUSTAINABLY

Considerations of sustainability are moderate when purchasing products or services

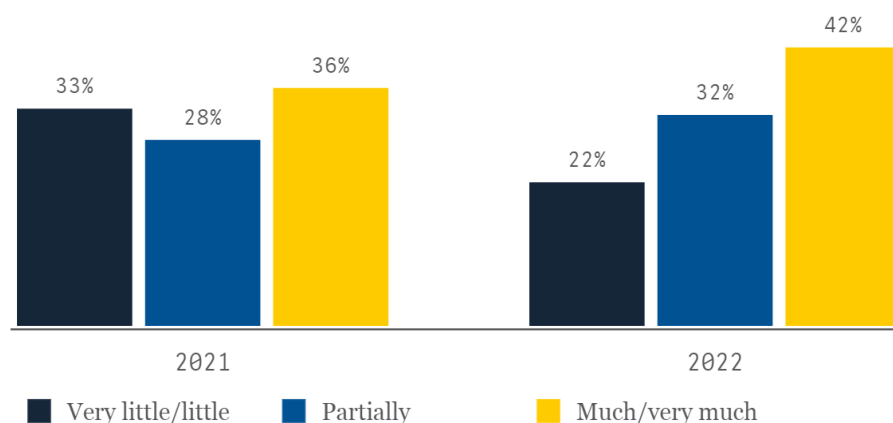
Similar to the discussion on digitalization, environmental aspects and sustainability has until recently been lagging behind in Spain and this is especially the case when comparing to Sweden. High hopes exist with relation to the Next Generation EU Recovery fund, where substantial investments are earmarked to drive the sustainable agenda forward in Spain. Another valuable input to include here, in order to understand Spain's position on a European level and in comparison to Sweden, is the annual Europe Sustainable Development Report, which constitute a quantitative analysis of the EU member states and their progress towards the Sustainable Development Goals (SDGs). In the ranking from 2020, that was highlighted during last year's survey, Sweden was positioned 2nd while Spain was ranked 21st. The latest ranking from 2021 puts Sweden at the same position while Spain has dropped one ranking.

When asked to what extent customers consider environmental aspects in their purchasing decision, 42 per cent of Swedish companies responds "much/very much", as compared to last year's survey where 32 per cent of companies indicated the same answer. Although a small increase, it shows that a positive change is on its way in terms of the importance of sustainability. As highlighted by survey respondents, sustainability is not considered a decision making factor, but more of a value add to the existing company offering.

“ Sustainability aspects are considered an added value in Spain, but not a decision-making trigger.

Survey respondent

IN YOUR VIEW, TO WHAT EXTENT DO CUSTOMERS IN YOUR INDUSTRY IN SPAIN CONSIDER ENVIRONMENTAL ASPECTS OF A PRODUCT OR SERVICE IN THEIR PURCHASING DECISION?

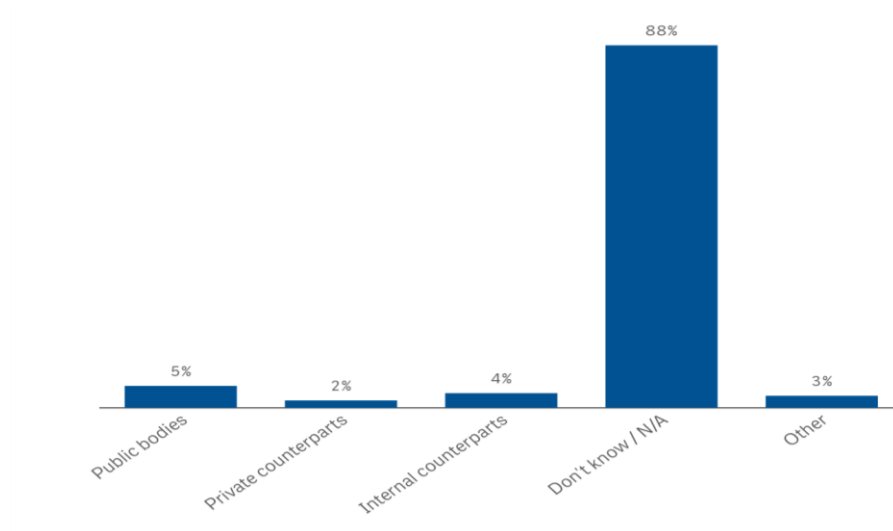


NOTE: The number of respondents for this question was 69. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Spain 2022.

Corruption not a major issue in Spain, according to respondents

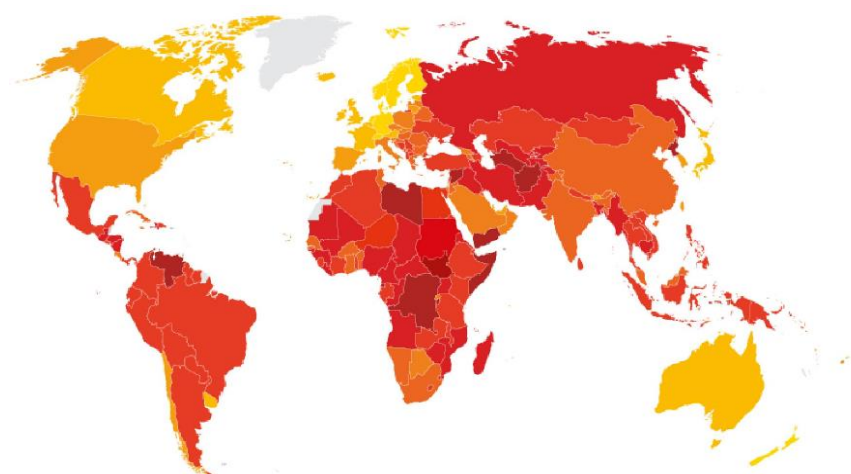
A transparent corporate governance is a key factor in having a healthy business climate and is to an extent affected by the prevailing environment for doing business in that specific country. When Swedish companies in Spain has been asked whether corruption impacts their business operations in Spain, most respondents (88 per cent) answers “do not know/NA”, indicating that the issue is not of high importance. The same figure from last year’s survey was at 78 per cent. There are some differences to consider among the respondents, with larger and more mature companies within the industrial sector reporting a somewhat higher perception of corrupt practices.

HAS YOUR COMPANY IN SPAIN BEEN EXPOSED TO CORRUPTIONSUCH AS, BUT NOT LIMITED TO, ATTEMPTS OF BRIBERY OR FRAUD IN CONTACTS WITH ANY OF THE FOLLOWING AREAS?

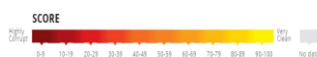


NOTE: The number of respondents for this question was 69. “Don't know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Spain 2022.

CORRUPTION PERCEPTION INDEX 2021



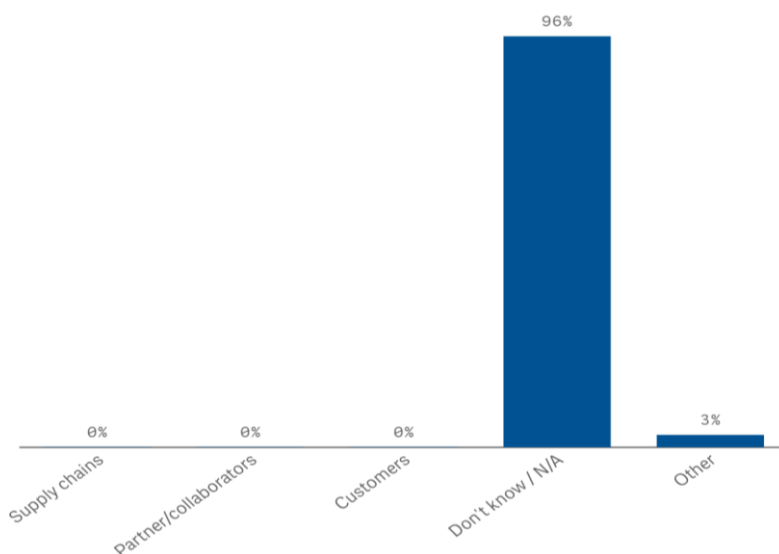
SOURCE: Transparency International.



Low perceived risk of human rights violations

Similar to last year's survey responses, Spain seems to be maintaining a positive image in terms of upholding human rights, with low risk of encountering violations. Among our surveyed companies this year, 96 per cent answers "don't know/NA", indicating report a small risk of encountering human rights violations and/or labour rights abuses when conducting business in Spain. The same figure from last year's survey was 92 per cent.

HOW DO YOU PERCEIVE THE RISK OF ENCOUNTERING HUMAN RIGHTS VIOLATIONS AND/OR LABOUR RIGHTS ABUSES WHEN CONDUCTING BUSINESS IN SPAIN?



NOTE: The number of respondents for this question was 65. Don't know/Not applicable* responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Spain 2021.

CONCLUSION

The Business Climate Survey in Spain 2022, published by Team Sweden in Spain (Embassy of Sweden in Spain, Business Sweden and the Swedish-Spanish Chambers of Commerce in Madrid and Barcelona), has aimed to strengthen the understanding of how Swedish companies experience the business climate in the market. The report has been developed both for Swedish companies already present in the market and for Swedish companies considering expanding to Spain, thus enabling these companies to gain insights on the characteristics of the market. Through the answers and comments from our respondents, we have gained a nuanced picture of how Swedish companies view the future of the market, key factors driving success in Spain, as well as an understanding of the challenges that exist.

The survey from last year was conducted during a period where the pandemic was still very much present. Uncertainty prevailed about several aspects, including vaccination rollout, economic recovery and societal adaptation to the “new normal”. Although we have not completely left the shadow of the pandemic, we can in this year’s survey note a difference in attitude and expectations from the responding Swedish companies. Despite the optimism that can be observed from the Swedish business community in Spain following the pandemic, there are regional and global uncertainties impacting business in different ways. The security situation in Europe, disruptions in supply chains and the increasing inflation rate have all posed new challenges for business and Swedish companies in Spain have not been exempt from these challenges. On the other hand, the overall positive results observed in this year’s survey suggest that Swedish companies are well positioned to adapt to the changing business climate. The majority of responding companies reported a profitable 2021, a turnover that is expected to increase in the coming 12 months and a clear increase from last year in terms of expected investments in the Spanish market. Administrative challenges remain and complex bureaucracy has, like last year, been highlighted as a burden on many of the responding Swedish companies, thus indicating room for improvements in this area. As digitalization is expected to increase in Spain in general and within public administration in particular, expectations are that the challenge with administrative processes will be addressed.

To conclude, there are several takeaways from this year’s business climate survey but perhaps the most important one is that the Swedish business community is to a large extent thriving in the Spanish market. In addition to the deepened collaboration between Spain and Sweden that we have observed during the last year, we are certain that the cooperation between the two countries will continue to grow in strength and importance for many years to come.

Team Sweden

