

# Doing Business in Spain

*Expert knowledge means success*

## Contents

- 1. Introduction
- 1. UK-Spain Trade
- 2. Reasons to do business in Spain
- 4. Economy
- 4. Population
- 4. Geography
- 5. Climate
- 5. Government Structure
- 5. Establishing a Business in Spain
- 6. Taxation
- 7. Exporting
- 8. Importing
- 9. Customs Duties
- 9. Terms of Payment
- 9. Advertising and Marketing
- 10. Business Hours
- 10. Business Etiquette
- 10. Transport and Travel
- 11. Travel Advice
- 11. Passports/Visas
- 11. Useful Contacts
- 12. Country Data
- 13. Further Information

Note: This publication has not been updated since it was last published. Some of the hyperlinks may have changed and may need updating. In addition, some of the information in this publication may be out of date.

## Introduction

Spain offers many opportunities to the British exporter across a wide range of sectors. The Spanish Government is committed to opening up the Spanish market and there are no specific restrictions on investment from overseas companies. Deregulation and privatisation are also creating new investment opportunities in sectors such as energy, telecommunications and utilities.

Spain is the second largest country in Western Europe and is approximately 2½ times the size of the UK. It offers a market of over 44 million people with an estimated per capita income of roughly US\$33,000<sup>1</sup>

Its growing economy, increasing standards of living and high demand for consumer goods and services make Spain a large and attractive market for overseas companies to set up their own operations in the country. It is also an important gateway to Latin America given its language and historical ties. Many Spanish companies are actively involved there and offer opportunities for British firms to focus on Latin America in partnership with them.

Spain is the second largest tourist destination after France in terms of the number of visitors, and the second in revenues generated after the USA. Some 16 million British tourists visit Spain each year and some 1 million Britons now live in Spain<sup>2</sup> permanently (mainly around the coasts).

Spain is a committed member of the EU. It was among the first wave of countries to introduce the European Single Currency, the Euro, on 1 January 2002. It remains the largest recipient of EU structural and cohesion funds, which have enabled the government to embark on major infrastructure projects offering overseas firms opportunities to work together with Spanish companies on a wide range of infrastructure projects.

## UK-Spain Trade

British companies have seen Spain as an important market for many years. But since Spain joined the EU in 1986, the growth in Anglo-Spanish trade and investment has seen a dramatic increase of 350%.

The UK and Spain exchange similar goods and services and almost anything sold in the UK is likely to sell well in Spain. British companies continue to manufacture in Spain in a variety of industries such as food, chemicals and automotive components. Investments have also diversified widely with a strong British presence in the retail, invisibles and service sectors, particularly consultants, project managers, lawyers and property agents (Britain is the second largest overseas investor in property in Spain).

The UK is Spain's fifth largest supplier, after Germany, France, Italy and China. In 2006 exports (goods & services) were valued at £12.3bn, making Spain the UK's seventh largest export market worldwide. The UK is also the second largest foreign investor in Spain. In 2006 the gross value of UK investment in Spain stood at £800m. There are around 700 UK companies already in Spain.

The Spanish government is committed to opening up the Spanish market and has embarked on an extensive privatisation programme. Spain therefore offers many opportunities to the British exporter across a range of sectors.

The top 10 UK exports to Spain in 2005 were:

- Road Vehicles
- Telecoms & recording equipment
- Medicines & pharmaceuticals
- Miscellaneous manufactured articles
- Office Equipment
- Power generating equipment
- Petroleum and related products
- Electrical machinery and appliances
- Beverages
- Iron & Steel



### New UK Trade & Investment brochures on doing business in Spain

UKTI Spain's brochures introduce you to potential of the Spanish market. They provide an overview as to why you should consider developing your business in Spain, and why you should contact UKTI to help you in this market.

If you are interested in developing your business in Spain please contact UKTI Madrid  
Tel: +00 34 917 146 412  
E-mail: [uktimadrid@fco.gov.uk](mailto:uktimadrid@fco.gov.uk)

Website:  
[www.ukti.gov.uk/uktihome/media/news/106287.html](http://www.ukti.gov.uk/uktihome/media/news/106287.html)

The top 10 UK imports from Spain in 2005 were:

- Road vehicles;
- Vegetables and fruit;
- Telecoms and recording equipment;
- Medicines and pharmaceuticals;
- Electrical machinery and appliances;
- Miscellaneous manufactured articles;
- Non-metallic mineral manufactures;
- Iron & Steel
- General industrial machinery & equipment;
- Other transport equipment

## Reasons to do business in Spain

British companies have seen Spain as an important market for many years. But since Spain joined the EU in 1986, the growth in Anglo-Spanish trade and investment has been dramatic. The Spanish market is open to overseas companies and there are no specific restrictions. British companies continue to manufacture in Spain in a variety of industries such as food, chemicals and automotive components. Investments have also diversified widely with a strong British presence in the retail, invisibles and service sectors, particularly consultants, project managers, lawyers and property agents (Britain is the second largest overseas investor in property in Spain).

The Spanish economy has grown substantially over the past 25 years. Economic growth is higher than the European average and is forecast to continue. Increased standards of living have seen raised consumer expectations and a high demand for consumer goods and services making Spain a large and attractive market for overseas companies to set up their own operations in the country.

Spain is a committed member of the EU. It was among the first wave of countries to join EMU. It remains the largest recipient of EU structural and cohesion funds which have enabled the government to embark on major infrastructure projects offering overseas firms opportunities to work together with Spanish companies on a wide range of infrastructure projects. Deregulation and liberalisation are also creating new investment opportunities in sectors such as energy, telecommunications and utilities.

Spain is also an important gateway to Latin America given its language and historical ties. Many Spanish companies are actively involved there and offer opportunities for British firms to focus on Latin America in partnership with them.

### Financial assistance

Spain has a well-developed banking and financial sector. It has the largest number of banks in the EU. Many of the international banks, accountants and insurance companies are present in Spain. Spanish banks enjoy a close relationship with industry and have provided much of the project finance for infrastructure developments in Spain. The Spanish venture capital market is dominated by government agencies and the private banks.

There are various government grants and other regional incentive schemes to encourage investments in particular industries and regions of Spain. A wide range of EU incentives and subsidies are also available. Industries attracting incentives include agriculture, energy, mining and technological research and development. Incentives are also available for training and certain categories of employment. Regional incentives are determined in accordance with EU requirements.

The Spanish Government actively encourages inward investment. They offer the following sources of information for UK companies wishing to invest in Spain.

- The General Directorate for Trade and Investment, at the Spanish Ministry of Economy (Dirección General de Comercio e Inversiones provides useful information for the potential investor in Spain. This includes a comprehensive Guide to Business in Spain which is published online, in English, at [www.investinspain.org](http://www.investinspain.org)
- The Investment Promotion Bureau of SEPI at [www.sepi.es](http://www.sepi.es), which is able to offer advice to companies considering setting up an operation in Spain, especially regarding location and associated local grants/incentives.
- The Commercial Office of the Spanish Embassy in the UK: Economic and Commercial Office Embassy of Spain  
Foreign Investment Services  
66 Chiltern Street, London W1U 4LS  
Tel: +44 (0)20 7467 2387  
Fax: +44 (0)20 7224 6409  
E-mail: [londres@mcx.es](mailto:londres@mcx.es)  
Web: [www.comercio.es](http://www.comercio.es)

## Industries

According to UK Trade and Investment there are opportunities in the following areas: Sectors presenting particular opportunities are:

- Telecomms equipment
- Road vehicles
- Office machinery
- Medicinal and pharmaceutical
- Electrical machinery
- Miscellaneous manufactured articles
- Petroleum and petroleum products
- Iron and steel
- General industrial machinery
- Metalliferous ores and metal scrap
- Textiles and clothing

Registered users of the UK Trade and Investment website [www.ukti.gov.uk](http://www.ukti.gov.uk) can access sector specific reports and review specific export opportunities for Spain.

Over the last decade, Spanish industry has undergone an important transformation. Spain's entry into the European Union forced the country to open its economy and to expose its companies to foreign competition. The strong growth rate of foreign direct investment in Spain since the country joined the EU has encouraged the business restructuring process, thus increasing technological innovation and the competitiveness of Spanish companies.

Existing monopolies in telecommunications and energy have been steadily eliminated and privatisation processes have been completed. Industrial policy is currently keen on supporting research & development. Spanish companies have, for a long time, been making a great effort to use state-of-the-art technology in order to increase their competitive position.

According to official figures from OECD, Spain is the 12th largest world economy in GDP terms<sup>3</sup>.

The structure of the Spanish economy is that of a developed country, with the services sector being the main contributor to GDP followed by industry. These two sectors represent over 90% of Spain's GDP. Agriculture's share has declined sharply as a result of the country's intense economic growth.

Tourism<sup>4</sup> is Spain's largest industry, and is situated mostly along the coastal regions. During the last four decades the Spanish tourism industry has grown to become the second biggest in the world, worth approximately 40 billion Euros, about 5% of GDP, in 2006. Today, the climate of Spain, historical and cultural monuments and its geographic position together with its facilities make tourism one of Spain's main national industries and a large source of stable employment and development. The Spanish hotel star rating system has requirements much more demanding than other European countries, so at a given rating Spanish accommodations worth higher.

Services represented 67% of the GDP in 2005. Market services account for the majority of this figure and provide work to work to nearly half the total occupied population. The majority of the Market services turnover is from SMEs.

Dupont, Hewlett Packard, American Express, IBM and Danone all have Call Centres in Spain, and it is estimated that around 45,000 persons are employed within this sector. The Real estate industry is also thriving: there are 3.8 million second homes in Spain (almost two million belonging to foreigners).

The Spanish industrial sector accounts for 29.5% (2005) of GDP. Spain is the world's sixth largest car manufacturer and the EU's third largest. Resident car manufacturers include Renault, Ford, Opel, Mercedes Benz, Peugeot-Citroën, Volkswagen and Nissan. More than 80% of the vehicles produced are sold in foreign markets, mainly in the EU.

Spanish Chemical production industries are still growing and include pharmaceuticals, biotechnology and plastics products.

The Spanish Electronic equipment and components industry is a highly specialised and competitive sector, which has been subject to market fluctuations in recent years. World-leading companies such as Alcatel, Ericsson, General Electric, Lucent Technologies, Manufacturers Services Limited, Pioneer, Philips, Siemens, Sony and Samsung are established in Spain.

Spain has a wide and excellent variety of raw materials which act as the basis for the Spanish food and drink industries. Although its agricultural production represents less than 4% of GDP (2005), it accounts for about

12% of all EU Member States production and its livestock production accounts for nearly 10% of EU-15 production.

The Medical Devices industry includes a wide variety of products with a diversity of technologies, mainly mechanics, electronics, chemistry, computer and biomaterial. The export market for these products is significant.

## Economy

The economy of Spain is the twelfth-largest economy in the world, based on nominal GDP comparisons, and the fifth-largest in Europe. It is regarded as the world's 20th most developed country.

Until 2008, the economy of Spain had been regarded as one of the most dynamic within the EU, attracting significant amounts of foreign investment. Spain's economy had been credited with having avoided the virtual zero growth rate of some of its largest partners in the EU. In fact, the country's economy had created more than half of all the new jobs in the European Union over the five years ending 2005. But, in 2011 this process was rapidly being reversed, characterized by the fact that over twenty percent of Spain's population is currently unemployed<sup>5</sup>.

## Population

The population of Spain in 2012 is approximately 44.8 million (extrapolated from a population of 46 million in August 2009 and in July 2010<sup>6</sup>).

Major centres of population in Spain<sup>7</sup> are:

- Madrid 6,335,780
- Barcelona 5,352,037
- Seville 1,864,884
- Bilbao 1,136,859

After London and Berlin, Madrid is the third largest city in the European Union, and its metropolitan area is the third largest in the European Union after London and Paris. The city spans a total of 604.3 km<sup>2</sup> (233.3 sq mi).

## Staffing

There are numerous decrees and labour laws governing employment in Spain. Generally recruitment is not a problem. Spain has a well-educated, skilled and flexible

workforce. Spain has the second highest number of students in university education (as a percentage of total population) within the European Union.

Statistical sources indicate that nominal labour costs are lower in Spain and that productivity growth is higher in Spain than in most other European countries.

With the serious downturn in the economy, Spain has been hit hard – in early 2012 it was reported that Spain's jobless total surged beyond the five million mark for the first time since modern records began, with the unemployment rate rising to 22.9 per cent. The dismal figures also reinforced Spain's position as the country with Europe's worst unemployment rate. Perhaps the most shocking figure of all is that 48.6 per cent of Spain's under 24-year-olds are now out of work. Since 2008, the youth unemployment total has almost tripled, to nearly 900,000<sup>8</sup>.

## Geography

Spain is the second largest country in the European Union with a land area of over 500,000 square kilometres.



Spain is located in the southwest of Europe and its territory covers most of the Iberian Peninsula - which it shares with Portugal -, the Balearic Islands in the Mediterranean, the Canary Islands in the Atlantic Ocean, and the North African cities of Ceuta and Melilla. Spain borders on France and Portugal.

The main rivers are the Ebro, the Duero, the Guadalquivir and the Tajo. The main mountain ranges are the Picos de Europa and the Pyrenees in mainland Spain and the Teide mountains in the Canary Islands.



## Administrative divisions

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Spain is divided into 17 administrative areas:

Andalucía, Aragon, Asturias, Baleares (Balearic Islands), Canarias (Canary Islands), Cantabria, Castilla-La Mancha, Castilla y León, Cataluña, Comunidad Valenciana, Extremadura, Galicia, La Rioja, Madrid, Murcia, Navarra, País Vasco (Basque Country)

Three small Spanish possessions are located off the coast of Morocco: Islas Chafarinas, Penon de Alhucemas, and Penon de Velez de la Gomera.

## Climate

Spain is a large country, and consequently has a variable climate. Visitors can generally expect a Mediterranean climate, with hot, dry summers and mild, rainy winters.

The vast central plateau, or Meseta, has a continental climate with hot, dry summers and cold winters. Rain typically falls in spring and autumn. The mountains surrounding the plateau have a higher rainfall and often experience heavy snowfalls in winter.

North of the Cantabrian mountains, the Basque Country, Cantabria, Asturias and Galicia have a maritime climate, with cool summers and mild winters. The weather is often cloudy with frequent rainfall.

On the Mediterranean coast, the climate is moderate with rain in spring and autumn. Murcia has an almost African climate and is characterised by numerous palm trees. Rainfall is low and the calina, or heat haze, is common during summer.

On the Atlantic coast, the summers are cooler and fairly heavy rainfall occurs during winter. Inland, the summers are hot and the rainfall decreases.

The Balearic islands have a maritime climate, with cool, wet winters and warm, dry summers.

The Canary Islands have an even warmer climate. The coastal areas are fairly mild, but the interior, especially in arid areas of Tenerife, can get very hot during the day with cold nights. Mount Teide is often snow-capped in winter and the vast majority of rain falls in winter.

## Government Structure

The national legislature in Spain is the Bicameral Cortes, a senate of 257 members of whom 208 are directly elected and 49 are appointed as regional representatives, but with little influence. There is a congress of Deputies which has 350 members elected from closed party lists in individual constituencies. The most recent elections in Spain were held in April 2008 when Spain's Socialist Party led by Jose Luis Rodriguez Zapatero won 46.94% of the vote.

There are seventeen Autonomous Communities each of which has a different "Statute of Autonomy" which, in accordance with the Constitution, defines the political organisation of the Community and its power. The regional institutions consist of a Legislative Chamber elected by universal suffrage, a Government with executive and administrative functions and a High Court of Justice. They have a high degree of responsibility in many economic areas.

## Corporate Governance

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Details of the Corporate Governance Codes and Practices can be found at:  
[www.ecgi.org/codes/index.php](http://www.ecgi.org/codes/index.php)

## Establishing a Business in Spain

For companies from within the EU, there is generally no requirement for prior authorisation of investments in Spain. There are certain exceptions depending on the size and nature of the investment. In most cases, investments must be registered with the Directorate General of Trade Policy and Foreign Investments and all legal business entities must be registered with the Ministry of Finance. The holders of registered foreign investments can transfer capital, dividends, proceeds of sale, etc, abroad without any quantitative limitations subject to payment of any taxes due. Certain minor bank formalities need to be completed for statistical information.

British companies can approach the Spanish market in a number of ways. Regardless of the type of business, personal contact is very important. It is essential to have a local representative or some form of local presence. British firms who are looking to

export direct to Spain normally appoint a distributor or agent who knows the market and is well connected. Local representatives can provide either national or regional coverage.

Companies considering more substantial investments can enter joint venture partnerships or set up owned or partly-owned subsidiaries. These fall into various categories of Spanish business entities depending on the requirements of overseas firms and are governed by different regulations.

Spain encourages foreign investments. Foreign companies may operate in Spain under a variety of forms, depending on the investors' development strategies.

In Spain, the law provides for various types or legal forms of business - the most common legal forms in Spain are: sole trader, private limited company and public limited company.

When setting up a business, you must decide on the legal form that it will take. Several factors need to be taken into account when deciding on the appropriate legal form: number of partners, available finance, level of liability to be assumed (limited or unlimited), organisation, business activity to be carried out, and financial assistance that may be received.

You should always take professional advice on these matters to determine the correct business structure according to your own circumstances and requirements.

The most common legal forms in Spain are as follows: sole trader, private limited company and public limited company.

- A sole trader is a natural person who engages in a business or professional activity on his or her own or by employing workers. The sole trader is personally liable for any debts resulting from his or her business activities. Fewer administrative procedures are required to set up as a sole trader than for capital companies.
- A private limited company is a legal form normally used by small and medium-sized enterprises. It is a capital company with limited liability. Its share capital must be at least €3,000. It may be formed by one person or several partners. Transferring shares is normally subject to conditions. More administrative procedures are required than for sole traders.

- A public limited company is the legal form normally adopted by large enterprises. It is a capital company with limited liability. Its share capital must be at least €60,000. The shares making up its capital are generally easy to transfer. This is one of the legal forms adopted by companies quoted on the stock market. More administrative procedures are required than for sole traders.

## Taxation

The following is intended to only provide a brief outline of tax issues. You should always take professional advice on these matters to determine the correct position according to your own personal circumstances.

A tax reform bill came into force in 2007 that amended some of the main taxes in Spain, including the corporation tax rate and the calculation of personal income tax. Detailed tax information can be found at [www.investinspain.org](http://www.investinspain.org)

### Personal Income Tax (IRPF)<sup>9</sup>

Personal income tax rates in Spain are progressive to 43%.

Income Band (EUR)	Tax Rate
0 - 17,707	24%
17,707 - 33,007	28%
33,007 - 53,407	37%
53,407 +	43%

The tax rate for savings income is a withholding tax of 19% for the first €6,000 and 21% on the excess.

Inheritance tax (impuesto sobre Sucesiones y Donaciones (ISD)) is also levied on the recipient of property passing by way of gift or death. The tax rates are chargeable from a minimum of 7.65% on assets worth up to €7,993 and at a maximum of 34%. This rate applies to the excess of value transferred above €797,555. The rate is determined by reference to the total value of assets gifted to each beneficiary.

Capital gains tax is levied on any gains realised from the sale of property that is not the principal residence and the disposal of shares. As from 1 January 2012, the rate of Capital Gains Tax (CGT) for non-resident property owners in Spain will stand at 21% across the board. This follows a previous rise in 2010 from 18% to 19%.

## Corporation Tax - Impuesto de Sociedades<sup>10</sup>

The standard rate of corporation tax in Spain is 30%. From 1 January 2010, there is a special reduced tax rate (20% on the first €120,202 of taxable income) for small companies with fewer than 25 employees and revenue below €5 million which maintain or create jobs.

Special tax rates are chargeable on portfolio investment funds (1%), on mutual insurance societies (25%), on co-operatives (except for capital gains) (20%), on non-profit institutions (10%) and on small companies.

Spanish resident companies are liable to corporation tax on all sources of income and capital gains, wherever arising. A company is treated as resident in Spain if it is incorporated in Spain has its registered office in Spain or its effective management is in Spain.

A non-resident company is taxed on income and gains of a branch carrying on a trade in Spain.

## VAT tax (IVA) - Impuesto sobre el valor añadido

The purpose of IVA is as a tax on end-consumers; businesses are generally entitled to deduct IVA borne against IVA charged.

Spain has three IVA rates:

- Standard rate - 18% from 1 July 2010
- Reduced rate - 8% from 1 July 2010
- Super reduced rate - 4%

A zero rate exists for exports and international services provided to non-EU countries.

The reduced rate applies to certain goods and services, e.g. a new property bought from a developer, transport services. The super reduced rate applies to essential items e.g. food, water and medicine.

The Canary Islands have a different rate.

## Exporting

UK Trade and Investment encourages the availability of competitive export finance to all UK companies seeking to export goods or services or invest overseas. For further information visit [www.ukti.gov.uk](http://www.ukti.gov.uk)

The Integrated Tariff of the United Kingdom contains helpful information on Importing or Exporting. It includes references to the relevant laws and regulations. For further information, visit [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

### Export licences (from UK)

You should check with Her Majesty's Revenue and Customs to see if a licence is required for any goods you wish to export to Spain. There are a number of licensing requirements, relevant to exports. These include:

- Common Agricultural Policy (CAP) Licences;
- The Department for Business, Innovation & Skills (BIS<sup>11</sup>) Licences;
- Department for Environment, Food & Rural Affairs (DEFRA) Licences;
- Department of Culture, Media and Sports (DCMS) Licences.

An export licence is mandatory if you are exporting certain products. If a licence is required and is not presented at the time of export, the consignment will not be able to leave. For further information, visit: [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

The BIS's Export Control Organisation is the first point of contact for information on export controls. They provide advice on many issues, including how to establish whether or not specific goods need an export licence, the different types of export licences, how to complete export licence application forms and how long they take to process. They are also the point of contact for Export Control Organisation publications and licence application forms. For further information visit: [www.bis.gov.uk/europeandtrade/strategic-export-control/index.html](http://www.bis.gov.uk/europeandtrade/strategic-export-control/index.html)

The Defence Export Services Organisation (DESO) can provide information concerning the export of defence related equipment. For further information visit [www.deso.mod.uk](http://www.deso.mod.uk)

For information concerning export controls on antiques and works of art, please visit the Department for Culture, Media and Sport



website. For further information visit [www.culture.gov.uk](http://www.culture.gov.uk)

## Export Credits Guarantee Department (ECGD)

ECGD can provide insurance or arrange medium/long-term finance packages in a wide range of markets worldwide for UK exporters of capital goods and projects. They can also provide contacts for private sector insurance for UK exporters of consumables. For more information on how ECGD may be able to help you, visit the ECGD website at [www.ecgd.gov.uk](http://www.ecgd.gov.uk) or contact their helpline: Tel: +434 (0)20 7512 7887.

## Technical Help for Exporters

Technical Help for Exporters (THE) is a service provided by the British Standards Institution (BSI) to provide information and advice on compliance with overseas statutory and other technical requirements. THE produces a wide range of publications and provides a special updating service of information in some product fields.

THE can supply detailed information on foreign regulations; identify, supply and assist in the interpretation of foreign standards and approval procedures; research and consult on technical requirements for a specific product; and provide translations of foreign standards, items of legislation and codes of practice.

Fees vary according to the amount of work involved.

For further information visit the British Standards Institution (BSI) website at: [www.bsi-global.com](http://www.bsi-global.com)

## Packaging Regulations

Spain has packaging regulations designed to reduce the impact which packaging is having on the environment. Goods supplied to the Spanish consumer goods market must have:

- sale and return of packaging against deposit; or
- be part of the 'Green Point' scheme.

The Green Point Scheme is co-ordinated in Spain by Ecoembalajes. They can be contacted at:

Ecoembalajes Espana Sa (Ecoembes)  
Paseo de la Castellana, 147 - 8a Planta  
28046 Madrid  
Tel 0034 91 567 2403  
Website: [www.ecoembes.es](http://www.ecoembes.es)

## Export Documentation

SITPRO is the UK's trade facilitation body dedicated to simplifying the international trade process by cutting red tape. It manages the UK Aligned Series of Export documents, and licenses a network of approved suppliers to provide them. The series now contains nearly 70 standard commercial, transport, banking, insurance and official forms.

SITPRO also offer advice, briefings, publications and checklists covering various international trading practices.

For more information on how SITPRO can help you with export documentation and procedures visit [www.sitpro.org.uk](http://www.sitpro.org.uk) or contact them on 020 7215 8150, e-mail [helpdesk@sitpro.org.uk](mailto:helpdesk@sitpro.org.uk)

## Importing

The Integrated Tariff of the United Kingdom contains helpful information on Importing or Exporting. It includes references to the relevant laws and regulations.

Although the UK version is called the "Integrated Tariff of the United Kingdom", the same format is used throughout the EC. For further information, visit [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

## Import Licenses

You should check with HMRC to see if a licence is required for any goods you wish to import from Spain. There are a number of licensing requirements, relevant to imports. These include:

- Common Agricultural Policy (CAP) Licences,
- The Department for Business, Innovation & Skills (BIS) Licences;
- Department for Environment, Food & Rural Affairs (DEFRA) Licences,
- European Commission Licences,
- Forestry Commission Licences and
- Radio Communications Agency (RDA) Licences.

If a licence is needed and is not presented at the time of importation, the goods will not be allowed to enter the country.

## Customs Duties

In general, if goods are produced in the UK (or in another EU member state) they are not liable to pay import duty on entry into Spain.

If goods have entered the EU from a non-member country and had any necessary import duty paid on them, they can enter Spain without any further import duties being levied.

The UK has guidance levels for the import of tobacco, alcohol and other products bought by visitors for their own use. These levels can be checked at [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

If you are carrying or transporting valuables (including works of art and antiques) or large amounts of cash you should check Spanish customs regulations before you enter Spain.

## Terms of Payment

International UK banks can provide advice on payment, credit management, short term credit insurance and factoring. Generally speaking, any of the customary methods of payment used in international commercial transactions can be used when doing business with Spanish companies. Most companies work on 90-120 days credit for transactions within Spain.

The most common method of payment from Spain is by open account. In this method the exporter sends the customer an invoice and trusts them to pay as and when instructed. The invoice should state how the value is to be transferred to the UK (or the UK supplier's local Spanish bank account) and giving the exporter's bank's name and town, the sort code, and the exporter's bank account name and number.

## Advertising and Marketing

Spanish should be used at all times in written and spoken publicity. "Guia de los Medios de comunicacion de Espana" is a comprehensive guide (in Spanish only) and is available for reference at the Information Centre of UK Trade & Investment. The International Trade Development Group is happy to assist with enquiries as to suitable trade press for exporters. For further information visit [www.ukti.gov.uk](http://www.ukti.gov.uk)

## Local Representation

There are many independent agencies that provide services to develop a business in Spain. Typical services include Business Development, Market Entry, Landing, Finance and Partnering services. UK Trade and Investment can assist with market intelligence, advice on regulations, sales leads and financial and practical support.

The amount and type of local representation depends to a large extent on the nature of the business or investment. However, the Spanish do like to deal with someone with whom they can build up a good working relationship. Good interpersonal skills are therefore important, as well as the technical ability to inspire confidence in the product or service as well as the capacity to make decisions locally. Language aptitude is a must and for this reason it may be better to employ a Spanish national.

The trade association responsible for the advertising industry in Spain is the:

Asociacion Espanola de Anunciantes (AEA)  
Paseo Castellana 121-8  
E-28046 Madrid  
Tel : 0034 91 556 0351

British exporters are advised to consult their advertising agents before embarking on an advertising campaign.

## Sales Promotion

While many companies in Spain have the ability to operate in English, experience has shown that an approach in Spanish is much more effective. It is best not to use a "stock letter" format in correspondence. Personal contact is very important e.g. if samples are sent with an accompanying letter, this should be followed up by a fax and phone call.

There are several sales and marketing companies in Madrid who can give advice on setting up a local sales force etc. For further details, enquirers should contact the relevant Commercial Officer at the British Embassy in Madrid at [www.ukinspain.com/english/CommercialServices](http://www.ukinspain.com/english/CommercialServices)

Quotations should be given in euros.

## Business Hours

The normal business hours in Spain are 09.00-14.00, 16.00-20.00 Monday-Friday.

Offices generally open slightly later than in the UK but will often remain working until 20.00 with a long lunch break between 14.00 and 16.00.

From mid-June to mid-September, most offices adopt 'summer hours', typically starting at 08.30 and closing at 15.00. In August, it is common for many businesses to close or operate with a skeleton staff.

## Business Etiquette

Most large Spanish firms will have people who can do business in English, but in general English is not widely spoken especially amongst smaller agents or distributors. British firms will therefore need to be prepared to consider methods of communicating in Spanish. The main business language used throughout Spain is Castilian Spanish (although several of the autonomous regions throughout Spain have their own language, e.g. Basque, Catalan). UK Trade and Investment or Business Link can provide details of assistance with foreign language services.

Personal contact is an essential part of business in Spain and companies should ensure that they visit the market regularly. They should also be prepared to adapt to Spanish business hours and working practices that differ markedly from those in the UK.

Eating out is an important aspect of Spanish business life. Restaurant hours are much later than in the UK (lunch often starts between 14.00-15.00 and dinner between 21.30-22.30).

For more information on business etiquette, visit UK Trade and Investment at: [www.ukti.gov.uk](http://www.ukti.gov.uk)

## Transport and Travel

The main transport options for Spain are road, airfreight, post, air parcel post, express or courier service and rail freight. With the exception of post, it may be easier to use a freight forwarder for transporting goods. The British International Freight Association offers up to one day's free consultancy to advise

companies on such matters as modes of transport, distribution methods, costing, documentation and payment terms. Further information can be found at:

[www.bifa.org](http://www.bifa.org)

The most convenient and effective way to travel between cities in Spain, where time is an important factor, is by air. Rail connections exist between major cities but, with the exceptions of certain high speed links, travel by rail is generally slow.

### Air Transport

British Airways, Iberia, British Midland, Spanair, EasyJet and Ryanair all have daily regular scheduled flights to Spain. The main international airport in Spain is Barajas in Madrid. Other international airports include Barcelona, Bilbao, Seville, Palma de Mallorca and Valencia. All the main Canary Islands have international airports and are served by regular international and regional flight connections. Air transport services between the major cities are served by approximately 250 airlines with scheduled flights operating from the country's 47 main airports. The six airports with most traffic represent 69% of the civil traffic in Spain. Spain's national airline is Iberia (IB).

Destination airports from the UK include:

Alicante  
Almería  
Arrecife - Lanzarote  
Asturia  
Barcelona  
Bilbao  
Fuerteventura  
Granada  
Ibiza,  
Jerez de la Frontera  
La Coruna  
Las Palmas Gran Canaria  
Madrid  
Malaga  
Menorca  
Murcia  
Palma  
Pamplona  
San Sebastian  
Santander  
Santiago de Compostela  
Seville  
Tenerife North  
Tenerife - Sur Reina Sofia  
Valencia  
Vigo

### Train Transport

There are a number of train classifications within Spain as follows:

- Talgos are the fastest trains and only stop at the major cities:



- Rápidos are the regular, daytime long-distance inter-regional trains;
- Estrellas are the night time version of Rápidos;
- Ercanías are the local commuter trains;
- AVE is the high speed train from Madrid to Sevilla (2 hours 30 min.);
- EUROMED is the high speed train from Barcelona to Valencia (2 hours 50 min.);
- Arco is the line between Barcelona and Valencia, stopping at main cities along the Mediterranean coast;
- Alaris is the high speed line between Madrid and Valencia. (3 hours 30min).

## Water Transport

There are ports in the following locations: Aviles, Barcelona, Bilbao, Cadiz, Cartagena, Castellon de la Plana, Ceuta, Huelva, La Coruna, Las Palmas (Canary Islands), Malaga, Melilla, Pasajes, Gijon, Santa Cruz de Tenerife (Canary Islands), Santander, Tarragona, Valencia and Vigo.

## Travel Advice

If you are planning to visit Spain you are advised to consult the Foreign and Commonwealth Office who issue regularly updated travel advice. Tel: +44 (0)207 238 4503 / 4504. Their website is at: [www.fco.gov.uk](http://www.fco.gov.uk)

You should take with you a European Health Insurance Card (EHIC). This is available for a small charge from most United Kingdom post offices, or free online from [www.ehic.org.uk](http://www.ehic.org.uk) It will cover part of the cost of emergency health care at State hospitals in Spain during your stay.

However, an EHIC does not cover all medical fees, or medical repatriation, or ongoing medical treatment of a non-urgent nature. The Foreign and Commonwealth Office therefore recommends that you obtain comprehensive travel and medical insurance. For further information on health, check the Department of Health's website.

## Passports/Visas

A passport is required to visit Spain from the UK.

From 1 March 2003, British and other EU citizens, intending to remain in Spain for a continuous period of more than 90 days and who are employees, self-employed, students or EU national dependants of a EU or Spanish national no longer need to apply for a residence card and are able to reside in Spain with a valid passport.

## Useful Contacts

### British Embassy in Spain

The Website of the three official bodies representing the UK in Spain: The British Embassy, the British Council, and the British Tourist Authority can be found at:

[www.ukinspain.com/english](http://www.ukinspain.com/english)  
Torre Espacio  
Paseo de la Castellana 259D  
28046 Madrid  
Tele 00 34 91 714 6300

### British International Freight Association

The primary body representing the UK international freight services industry.

[www.bifa.org](http://www.bifa.org)  
+44 (0)20 8844 2266

### British Chamber of Commerce in Spain

The British Chamber of Commerce provides information and services to benefit your company's business relations.

[www.britishchamberspain.com](http://www.britishchamberspain.com)

### CIA Factbook

A factbook compiled by the CIA with country statistics.

[www.cia.gov/cia/publications/factbook](http://www.cia.gov/cia/publications/factbook)

### ICEX - The Spanish Institute for Foreign Trade

ICEX publish a useful book in English called "A Guide to Business in Spain".

Paseo de la Castellana 14-16  
28046 Madrid  
Tel: 00 34 91 349 6100  
Fax: 00 34 91 4316128  
[www.icex.es](http://www.icex.es)

## Invest in Spain (INTERES)

The Invest in Spain website is organised by the Spanish Ministry of Economy. It provides useful information for potential investors in Spain. The "Guide to Business in Spain" can be viewed in English at this site: (click on "Investor Services").

[www.interes.org](http://www.interes.org)

## The General Directorate for Trade and Investment, at the Spanish Ministry of Economy

Ministerio de Economía, Dirección General de Comercio e Inversiones, Paseo de la Castellana 162 Planta 7, 28071 Madrid

Tel: 00 34 91 349 3983

E-mail:

[buzon.oficial@sgjex.dgcominver.sccc.mcx.es](mailto:buzon.oficial@sgjex.dgcominver.sccc.mcx.es)

## The Investment Promotion Bureau of SEPI

The Investment Promotion Bureau of SEPI offers advice to companies considering setting up an operation in Spain, especially regarding location and associated local grants/incentives.

Investment Promotion Bureau of SEPI

C/Velázquez, 134

28006 MADRID

Tel: 00 34 91 396 1000

Fax: 00 34 91 562 8789

E-mail: [information@sepi.es](mailto:information@sepi.es)

[www.sepi.es](http://www.sepi.es)

## Office for Economic and Commercial Affairs, Embassy of Spain

66 Chiltern Street, London W1U 4LS, UK

Tel: +44 (0)207 467 2387

E-mail: [londres@mcx.es](mailto:londres@mcx.es)

## Provinces in Spain

Each province in Spain has an official college for commercial agents. Commercial agents must register with the college in their province. Contact details for the colleges in Barcelona and Madrid are as follows:

Collegi Oficial D'Agents Comercials De

Barcelona, Casp 130, 08013 Barcelona

Tel: 0034 93 231 9412

Colegio Oficial De Agentes Comerciales De La Comunidad De Madrid

Duque de Fernan Nuez 2,1

28012 Madrid

Tel: 0034 91 369 0500

## SITPRO

Tel: 020 7215 8150

E-mail: [info@sitpro.org.uk](mailto:info@sitpro.org.uk)

[www.sitpro.org.uk](http://www.sitpro.org.uk)

## UK Trade and Investment

The UK Government website with information to help you do business internationally.

Tel: 0207 215 8000

[www.ukti.gov.uk](http://www.ukti.gov.uk)

## Country Data

Feature	Country Data
Local time	Spain is 1 hour ahead from GMT.
Population	47,000,000 million (2010 est.)
Capital City	Madrid
Language /Religion	Castilian Spanish is the official language nationwide and is spoken by 74% of the population; other languages are official regional languages including Catalan 17%, Galician 7%, Basque 2%. The principal religion is Roman Catholic.
Area	The land area is almost 504,782 sq km.
Public and Statutory holidays	A list of Public Holidays is available at: <a href="http://ukinspain.fco.gov.uk/en/about-us/our-embassy/public-holidays">http://ukinspain.fco.gov.uk/en/about-us/our-embassy/public-holidays</a>  There are also a number of other regional official holidays.
International dialling code from UK	00 34
Local currency	Euro (100 euro cents = 1 €)
Weights and measures	The metric system is used in Spain: distances and speed are measured in kilometres, liquids are sold by the litre, and temperature is measured in Celsius.
Electricity supply	220 volts AC, 50hz, round 2-pin plugs. There are a few places left where power is supplied at 110 volts and sometimes both 110 and 220 volts are available in the same building.



## Further Information

This guide is for general interest - it is always essential to take advice on specific issues. We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

## References and Acknowledgement

- <sup>1</sup> Source: [http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_GDP\\_\(nominal\)\\_per\\_capita](http://en.wikipedia.org/wiki/List_of_countries_by_GDP_(nominal)_per_capita)
- <sup>2</sup> Source: [www.guardian.co.uk/world/2011/dec/04/economic-crisis-the-pain-in-spain](http://www.guardian.co.uk/world/2011/dec/04/economic-crisis-the-pain-in-spain)
- <sup>3</sup> Source: [http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_GDP\\_\(nominal\)](http://en.wikipedia.org/wiki/List_of_countries_by_GDP_(nominal))
- <sup>4</sup> Source: <http://en.wikipedia.org/wiki/Spain#Tourism>
- <sup>5</sup> Source: [http://en.wikipedia.org/wiki/Economy\\_of\\_Spain](http://en.wikipedia.org/wiki/Economy_of_Spain)
- <sup>6</sup> Source: <http://en.wikipedia.org/wiki/Spain>
- <sup>7</sup> Source: Spanish Office for National Statistics (January 2011)
- <sup>8</sup> Source: [www.independent.co.uk/news/world/europe/unemployment-in-spain-tops-five-million-6295909.html](http://www.independent.co.uk/news/world/europe/unemployment-in-spain-tops-five-million-6295909.html)
- <sup>9</sup> Source: [www.taxrates.cc/html/spain-tax-rates.html](http://www.taxrates.cc/html/spain-tax-rates.html)
- <sup>10</sup> Source: [www.taxrates.cc/html/spain-tax-rates.html](http://www.taxrates.cc/html/spain-tax-rates.html)
- <sup>11</sup> Some of the information in this publication has been derived from UK Trade and Investment sources and Crown Copyright © therein is duly acknowledged.

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