

BILATERAL ECONOMIC RELATIONSHIP BAROMETER

SPAIN – AUSTRALIA 2022

DECEMBER 2022

Conclusions

Spanish companies in Australia

In general, Spanish companies look at the Australian market in a very positive way.

Despite the distance, it's a profitable, reliable, likely to grow market. Most companies forecast they will increase their activities in Australia.

These companies have already enjoyed a positive experience when operating in Australia. Initially, the distance and entry barriers may pose a few problems but there are ways to solve them.

The Spanish companies value Australia's stability, reliability and perspectives of growth. They also think Spain has a good reputation in that country, although there's room for improvement.

Australian companies in Spain

Most Australian companies feel confident about Spain.

It is a profitable market and the perspectives are good. More than 80% of the Australian companies of our survey announced their plans to increase their activities.

Australian companies especially appreciate the quality of life, the infrastructures and the access to other markets and suppliers. Energetic costs, political risks and the regulatory environment are the most discouraging factors.

Australian companies think Spain has a good image of Australia, despite being still a little unknown.

Survey on the Australian market

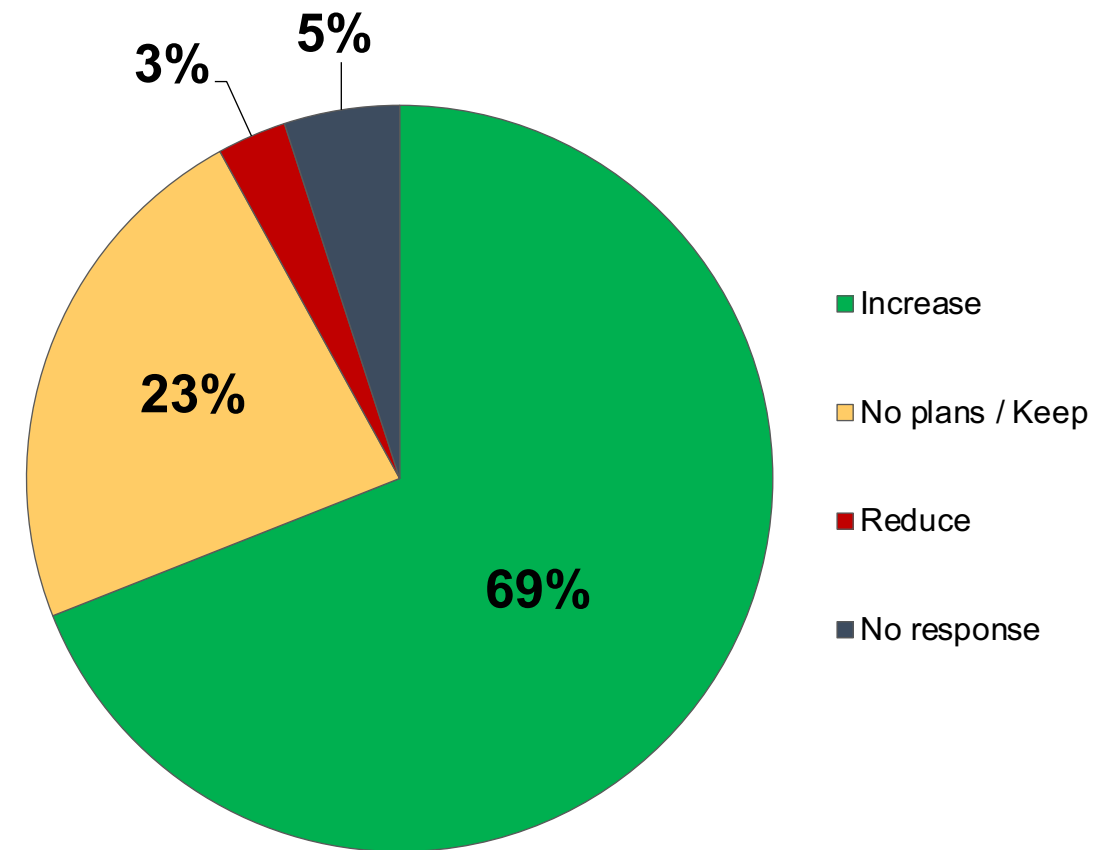
We asked several Spanish companies operating in Australia, whether it is exporting goods or as parent companies of Australia-based branches.

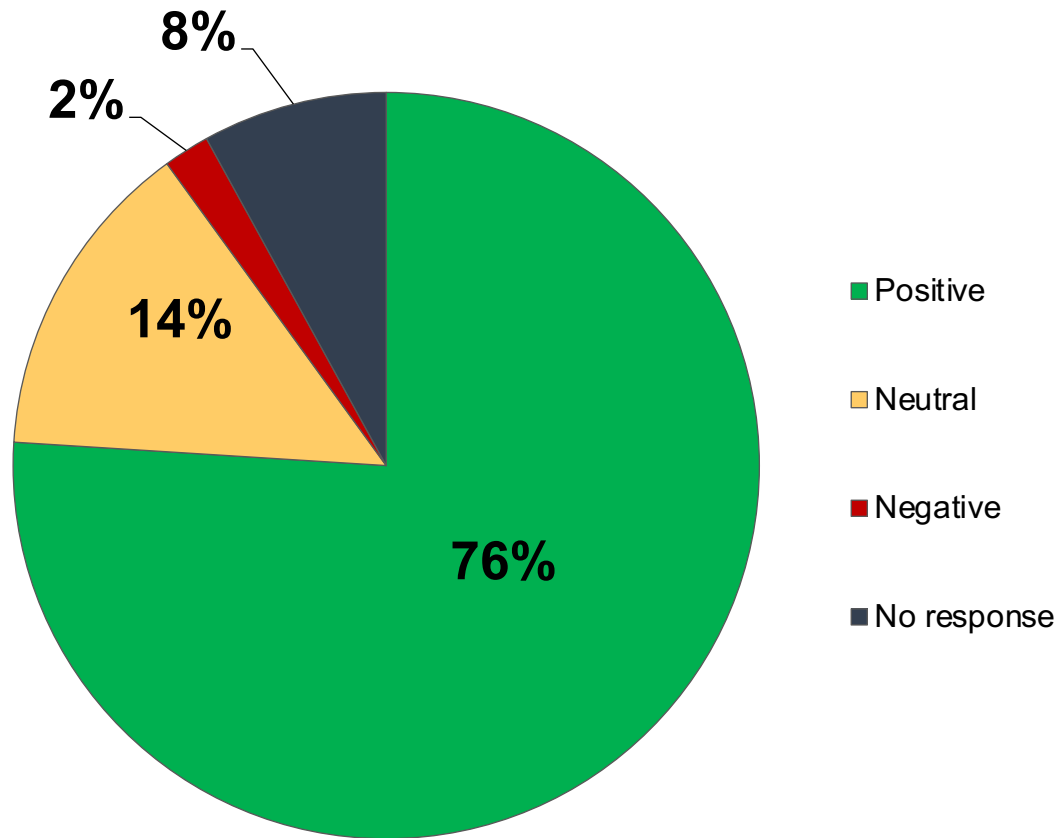
Presence in Australia

We asked the Spanish companies whether they planned to increase, maintain or reduce their activity in Australia.

In our survey, over 2/3 of the Spanish companies exporting goods or having branches in Australia announced their plans to increase their activity.

For most Spanish companies working with Australia, **it is a profitable market and its perspectives are good.**





We asked the Spanish companies their opinion about the economic perspectives of the country.

3 out of 4 answers show positive perspectives for the Australian economy.

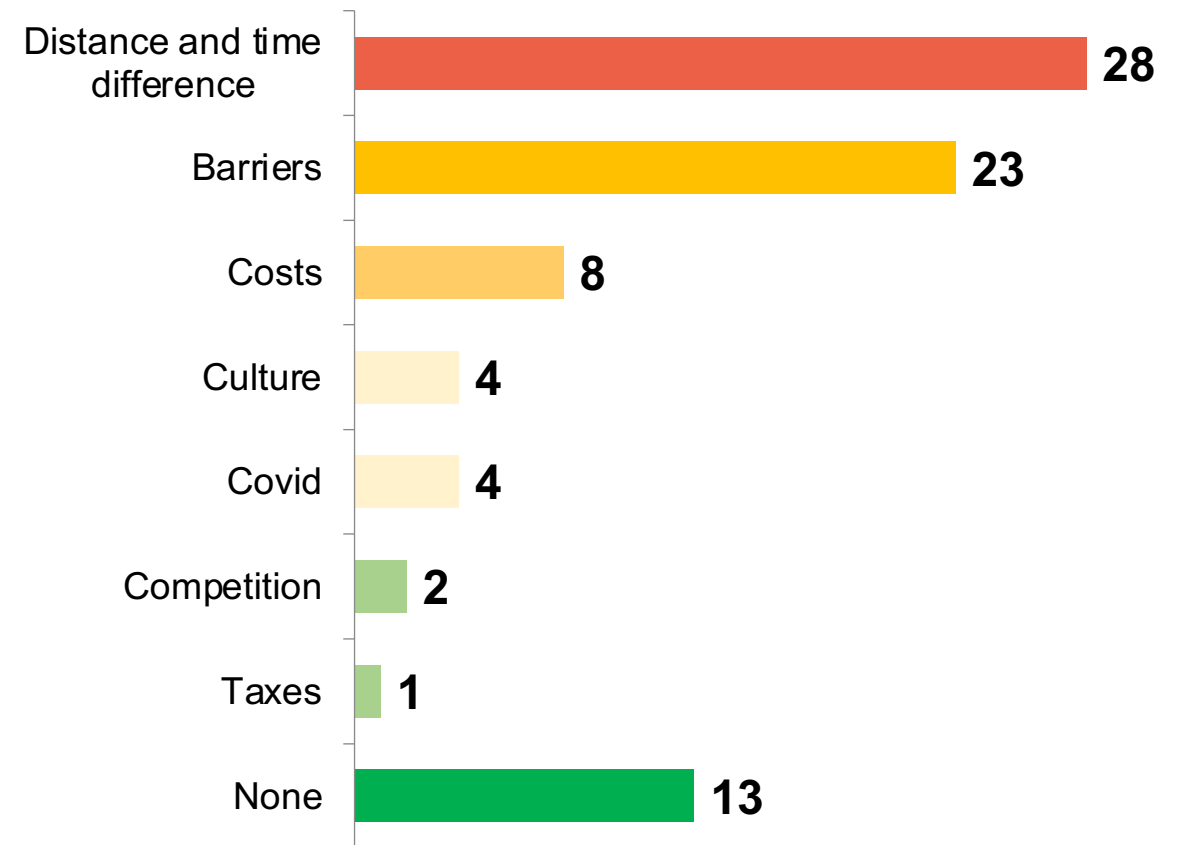
Only 2 % of the answers show concern about a potential deterioration of the economy in the country.

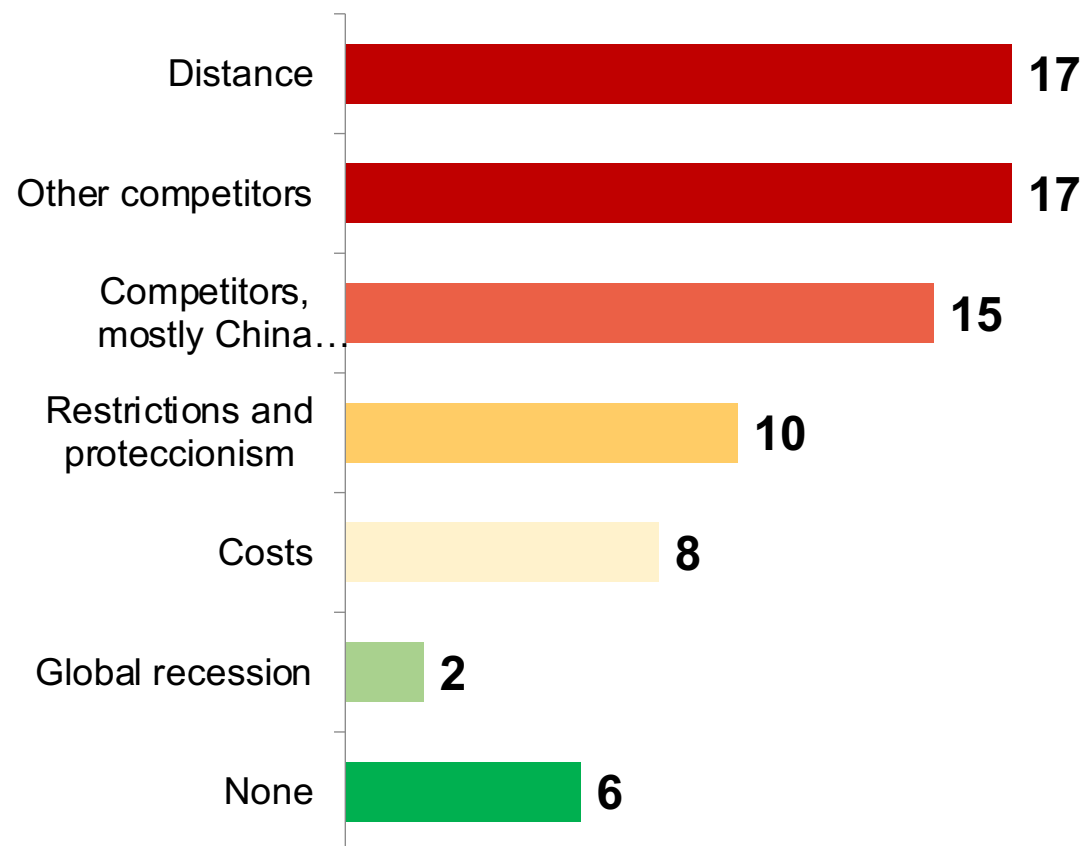
The answer is clear: **Australia is a stable, powerful economy, even in unfavourable circumstances.** May we remind that the survey took place during the second quarter of 2022, in which we witnessed negative events such as Ukraine's invasion, and inflation, which affected the companies' expectations.

We asked a series of Spanish companies about their issues during their experience in Australia.

The most remarkable fact is that 13 companies attested they hadn't had any important problem.

The most common issues were a result of the distance and the time difference, as well as some entry barriers (certifications, customs procedures, etc.). High costs, cultural differences (in demand and consumption, for instance) and Covid restrictions were also mentioned.





We asked the Spanish companies what threats they are most concerned about regarding their activity in Australia.

The most mentioned threats were the following:

- Those that result from the distance and the time difference
- Competitors from unspecified countries (might be Europe, U.S.A., etc.).
- Specifically, Chinese and Asian competitors, which are cheaper and closer to Australia.
- Less importantly, the companies feared protectionism and potential restrictions to imports, as well as the costs of operating with Australia.
- Only two companies mentioned the global situation (Ukraine's invasion, energy and source materials prices, etc.).
- 6 companies don't expect any relevant threat at all.

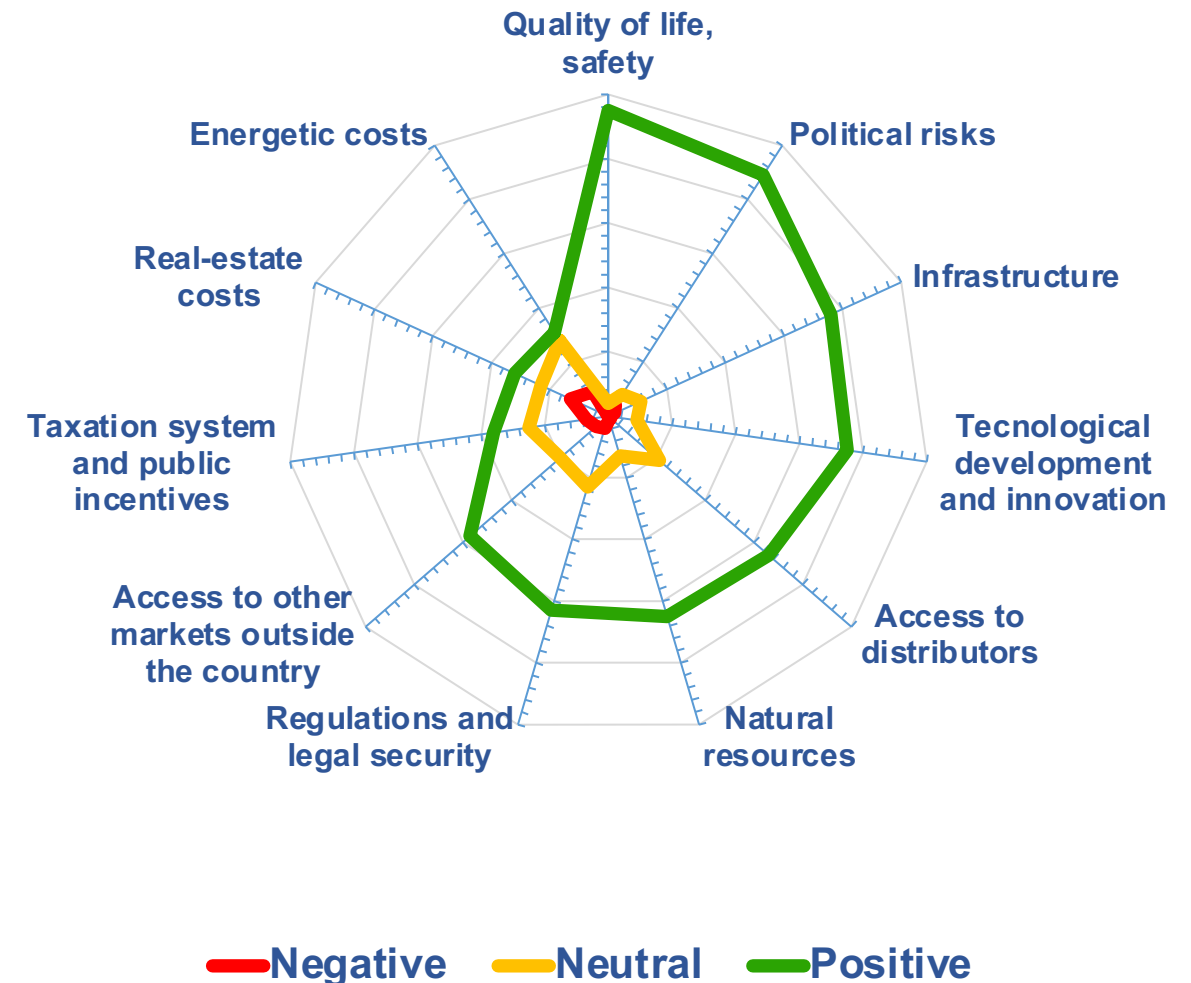
Attractive factors

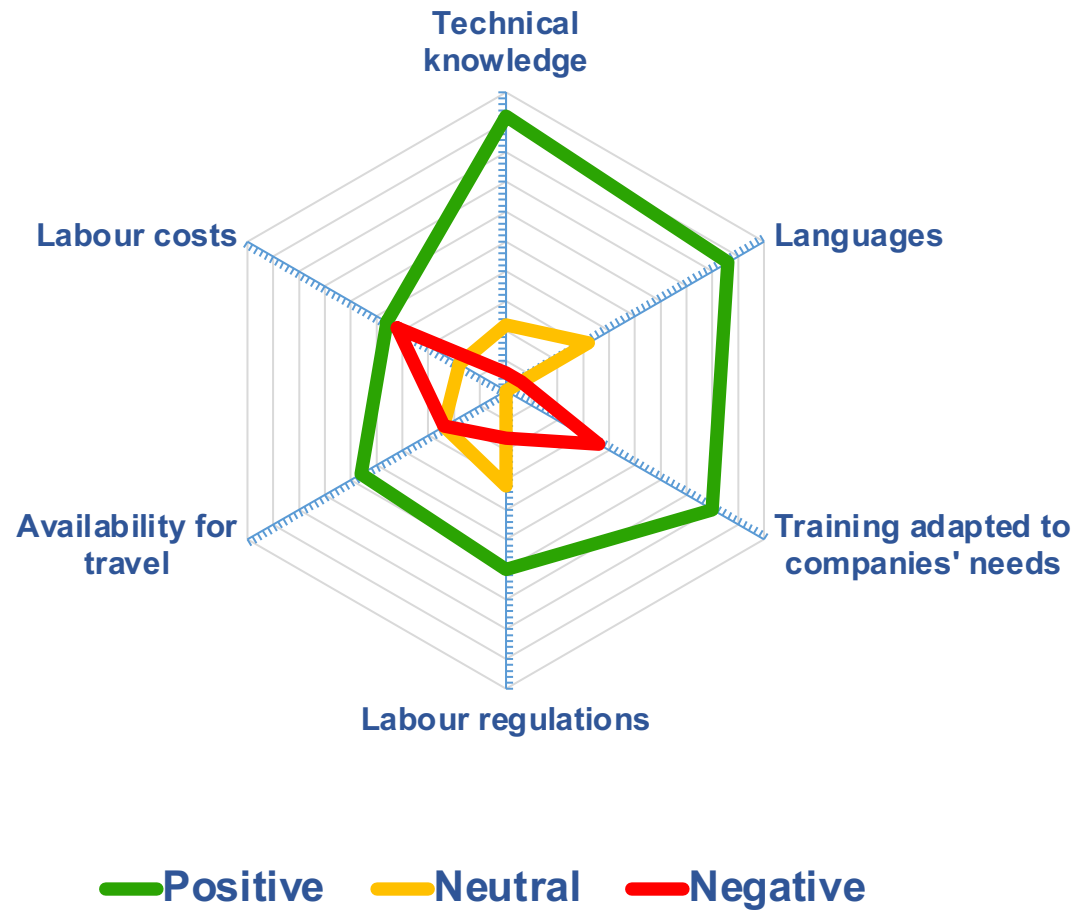
We asked the Spanish companies to rank different factors about the Australian economy.

The **most attractive factors** were those typical of well-developed economies: quality of life, technologic level, infrastructures.

The **weakest factors** were **energy and real-estate costs**, which is also usual in high-developed countries.

In any case, all factors considered, **the overall valuation was highly positive**. Only a few companies pointed out negative factors.





We asked the Spanish companies to rank different factors about the labour market in Australia.

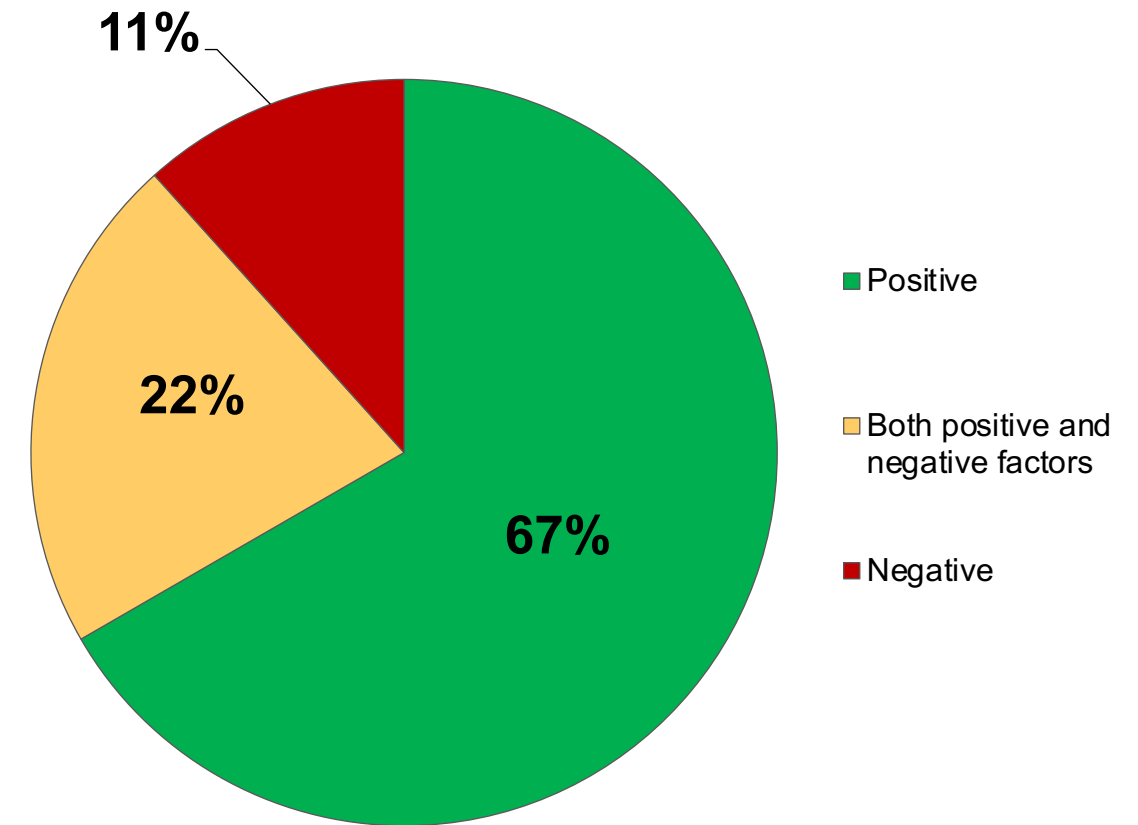
The **most appreciated factors** were those related to human resources' **training**: technical knowledge, languages, and education matching the companies' needs.

The **less valued factor** was the labour **costs**.

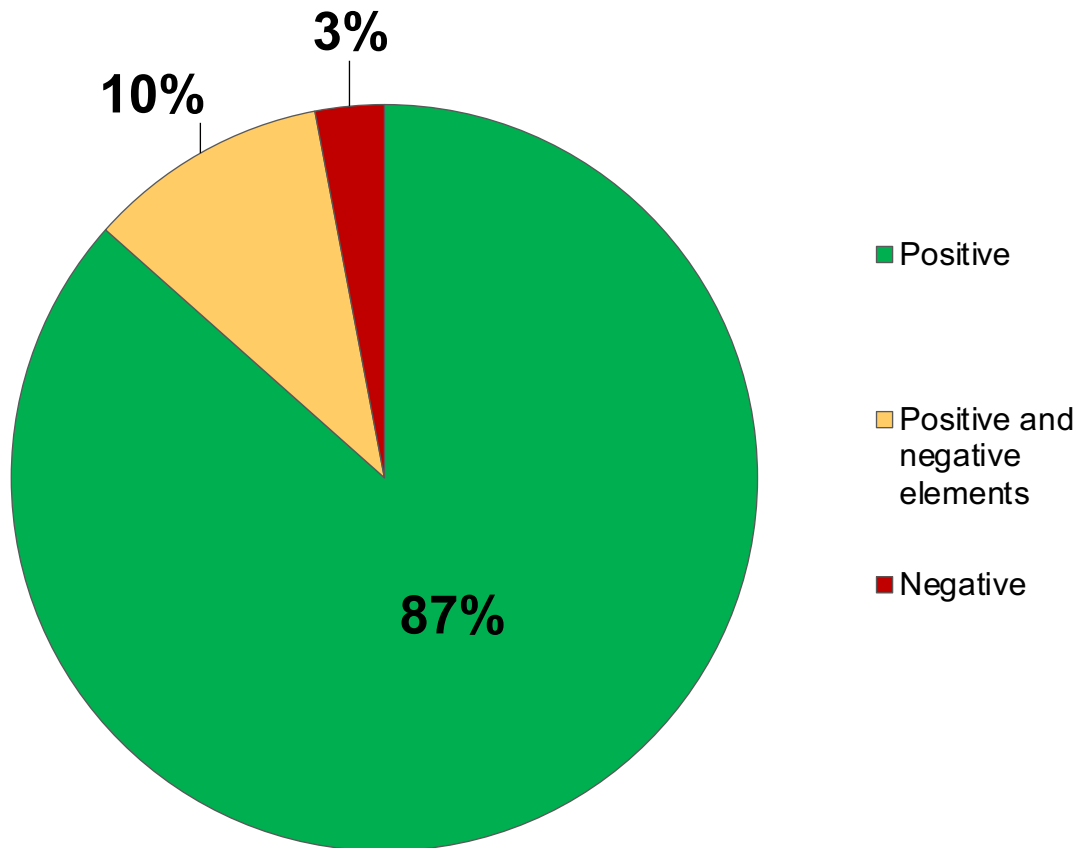
In any case, all factors considered, **the overall valuation was mostly positive**. Only a few companies pointed out negative factors.

We asked the Spanish companies if, considering the unexpected crises that have arisen in the latest years, they see Australia as a way to diversify and reduce risks, or if on the contrary they think of this country as an additional difficulty. We mentioned Brexit, covid and Ukraine's invasion.

63% of the companies stated that their presence in Australia was a way to diversify and be better prepared for the unexpected risks that have arisen recently, so they would like to increase their presence there.



Perception



We asked about how Spanish companies are perceived in Australia.

Most respondents believe that **Spanish companies have a good reputation in Australia**. Only 3% think they do not, and 10% think there are both positive and negative elements.

Among the **positive aspects**, the respondents highlight that Spain is linked to **Europe`s general good image**, seriousness, quality, and prestige in some industries.

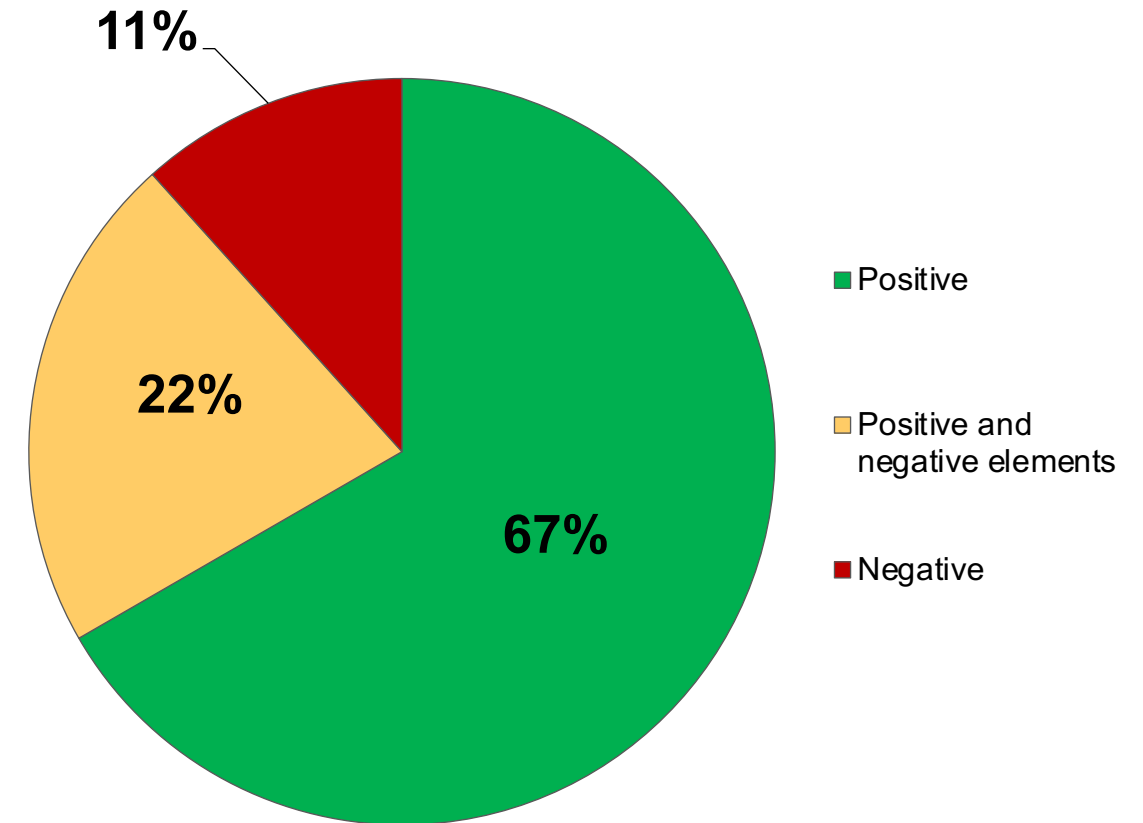
Among the **negative aspects**, they mentioned: lack of a strong image, lack of differentiation against other European competitors such as Italy. Some feel that the image of Spain is limited to a few industries.

We asked the Spanish companies about their impression of the Australian market.

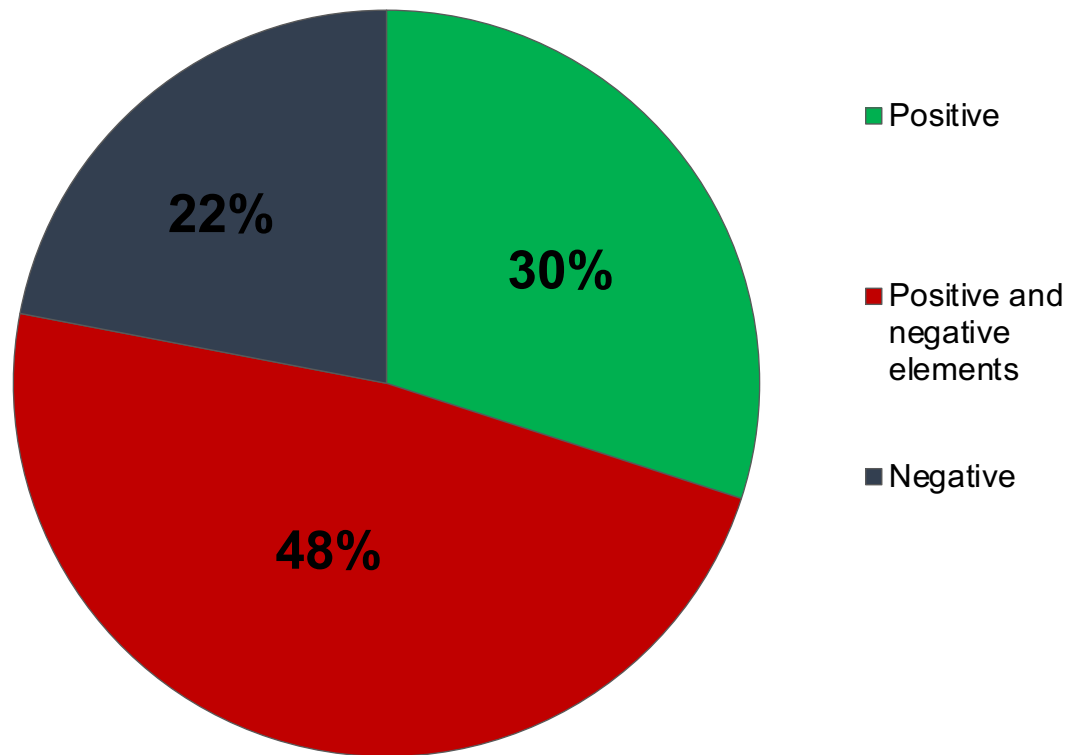
Two thirds of the repondents think that Spaniards have a **positive vision of the Australian market**. 11% think they do not. 22% of them pointed out both positive and negative aspects.

Among the **positive aspectos**, the respondents highlighted the high economic level and purchasing power, stability, developed economy, safety and reliability.

Among the **negative aspects**, they mention distance-related fears, entry barriers and proteccionism. Some of the companies also think the Australian market is relatively small.



Sustainability



We asked the Spanish companies if they have a strategy for sustainability in the Australian market.

Less than 1/3 of the respondents (both companies exporting to Australia and companies having branches in the country) stated that they have a sustainability strategy that impacts their activities in Australia.

Nearly half of them stated they didn't have one.

This reflects that Spanish companies don't see sustainability as an influential factor for their competitiveness in Australia.

We welcomed the companies' comments on their sustainability strategy.

Some key factors were the following:

- Focus on reducing emissions in their materials and energy supplies.
- Adapting their products to the Australian market.
- Australian clients appreciate sustainable products.

We asked the Spanish companies about their vision of Australian sustainability strategies in comparison to Spanish standards.

Most of the respondents either think the strategies in Spain and Australia are similar, or that Australia is slightly ahead of Spain in terms of sustainability. Very few answered that Spain is more advanced than Australia.

Some of the companies pointed out a few similarities:

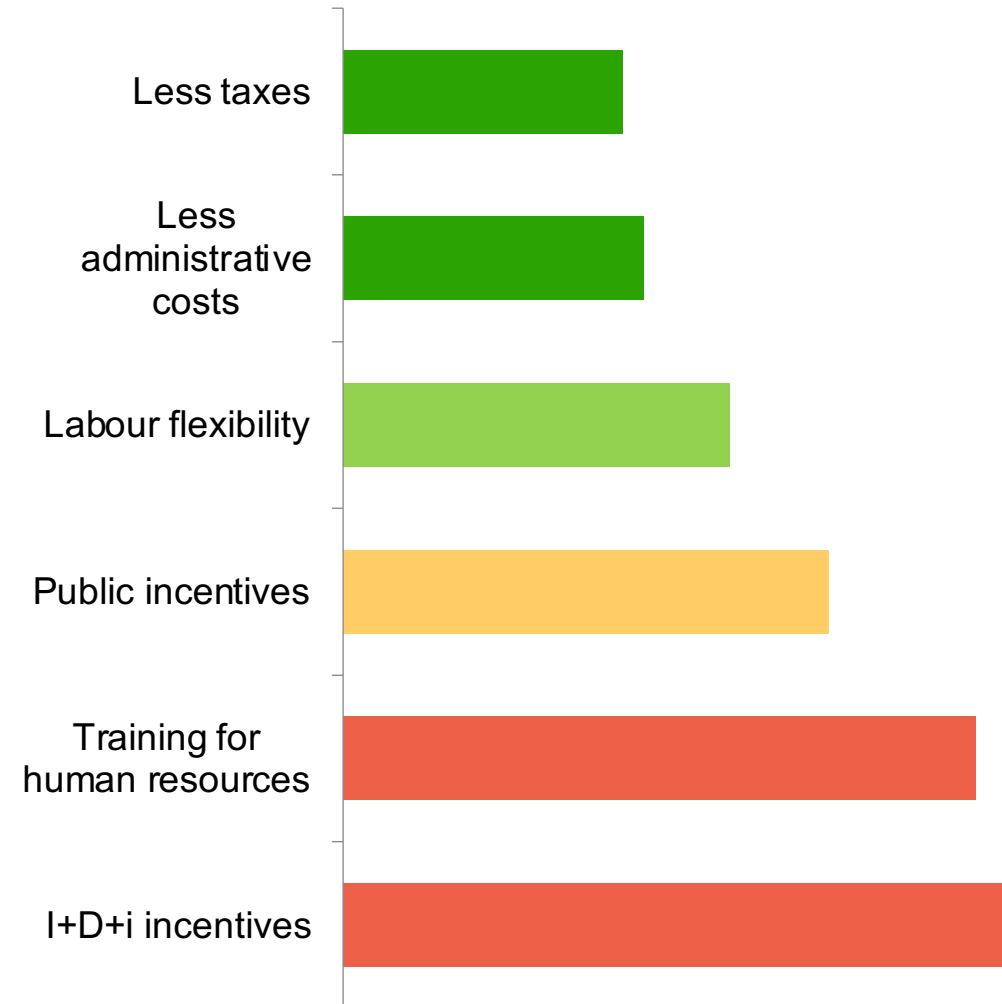
- In sustainability standards.
- In the investors' pressure to improve sustainability.

Assessment of reforms

We asked the Spanish companies what reforms would be more effective for them to increase their activity in the Australian market. This question was oriented, mostly, to Spanish companies with branches in Australia.

The most valued reforms would be to reduce the taxes and the administrative costs, as well as improving the labour flexibility.

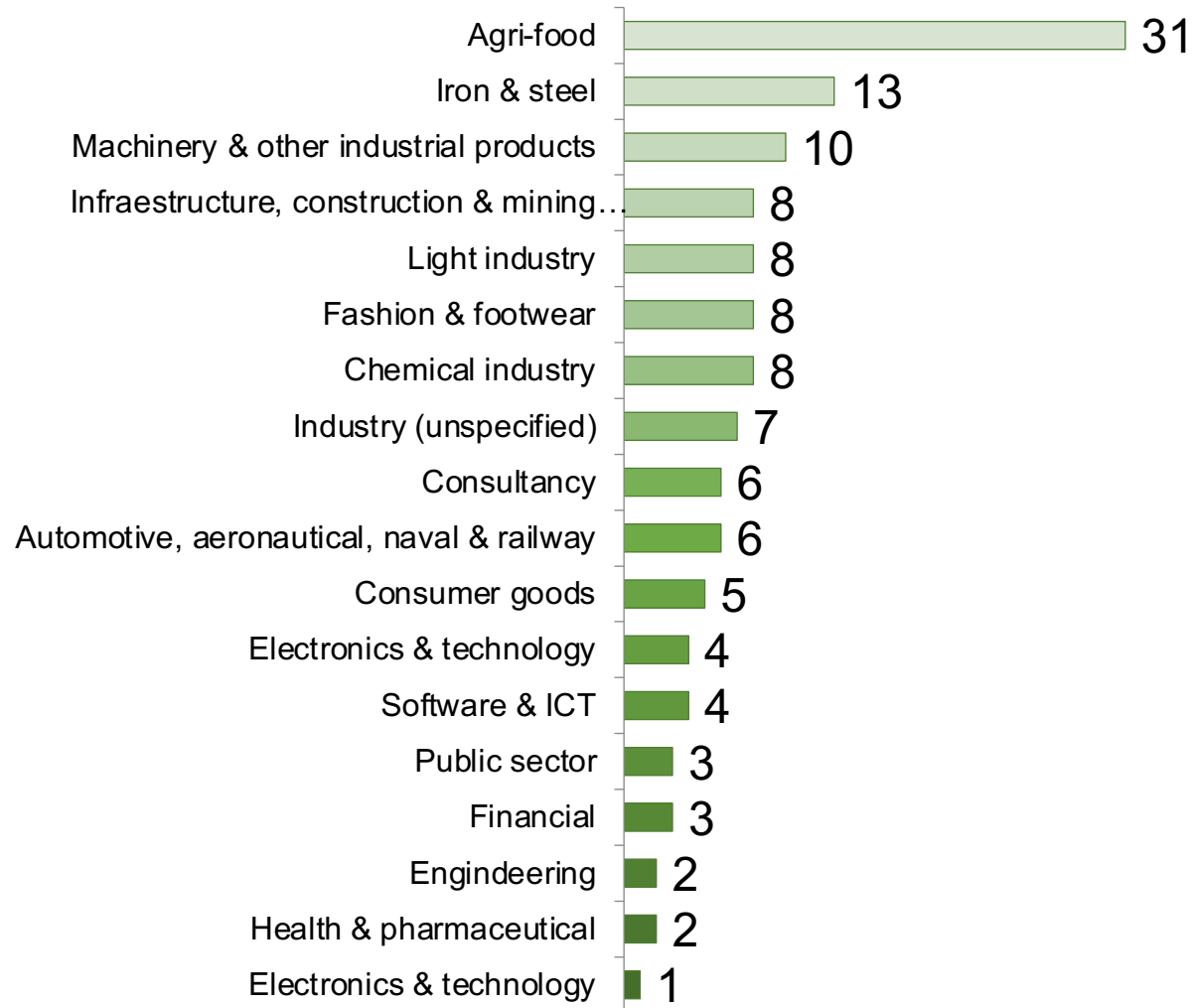
The less valued reforms were increasing public incentives and improving the qualification of the workers.



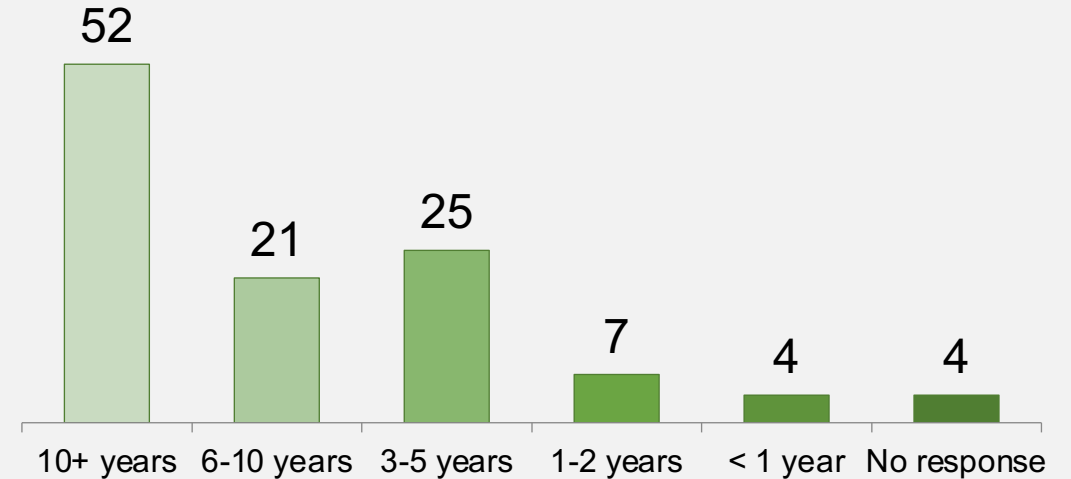
*The reforms are sorted by preference.
The lower the value, the higher the preference.*

Sample

Sectors of the survey respondents



Presence in Australia



The sample of respondents holds sectorial diversity, but the food & industrial sectors were the most frequent.

On the other hand, most of the companies have a long experience in the Australian market, so they have in-depth knowledge.

Survey on the Spanish market

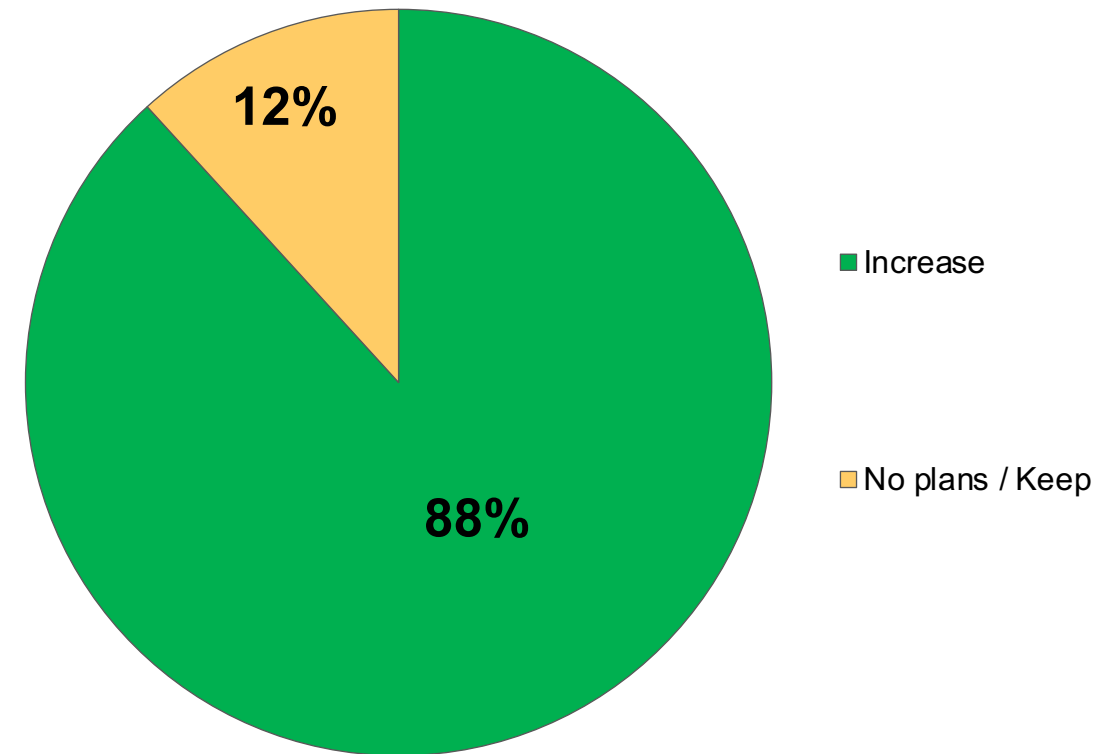
The respondents were Australian companies operating in Spain, whether exporting goods or as parent companies of Spain-based branches

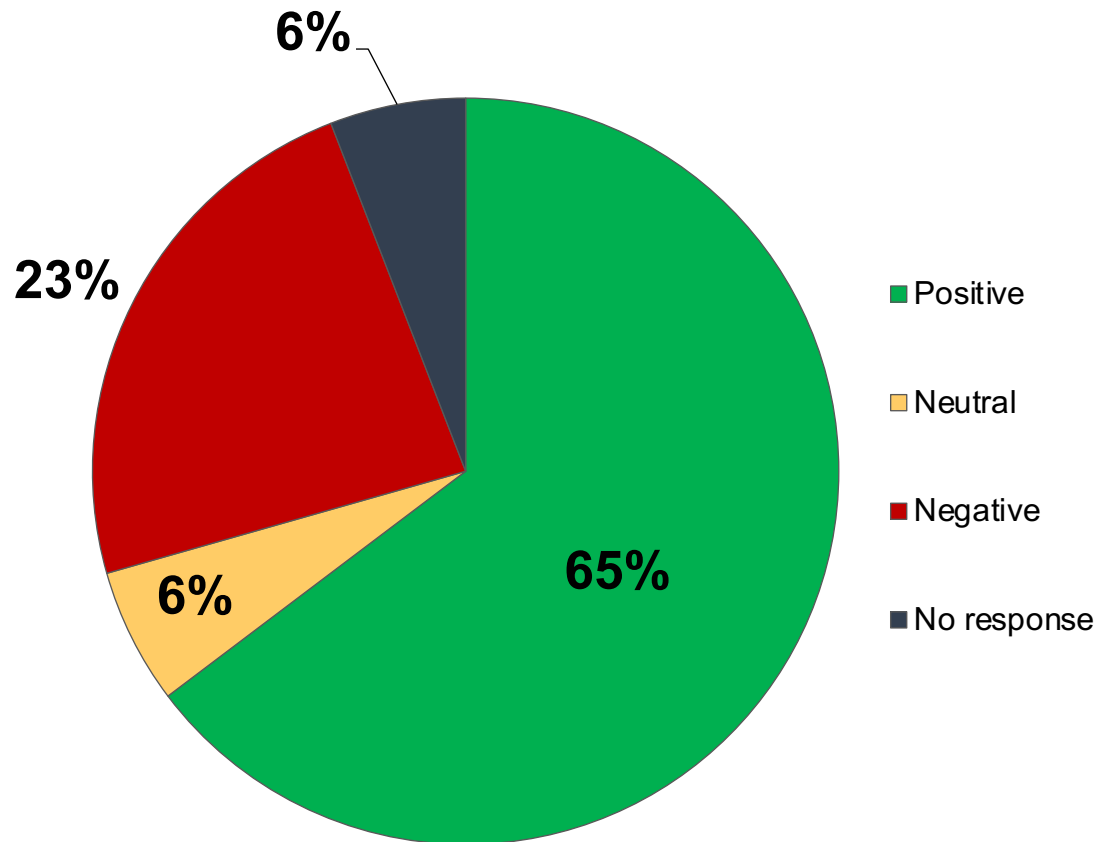
Presence in Spain

We asked the companies if they plan to increase, maintain or reduce their activity in Spain.

Over 80% of the Australian companies exporting to or having branches in Spain that answered to our survey announced their plans to increase their activity there.

For most Australian companies working with Spain, **the Spanish market is profitable and with good perspectives of growth.**





We asked the companies their opinion on the economic perspectives of Spain.

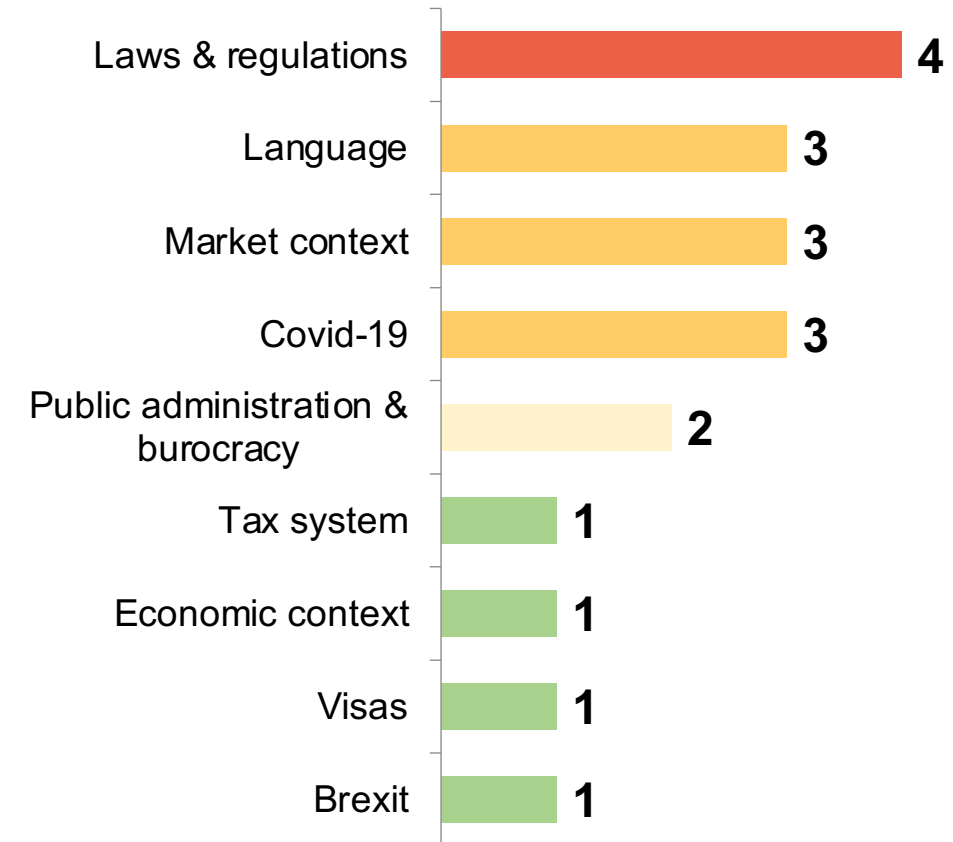
65% of the respondents think the Spanish economy has good perspectives.

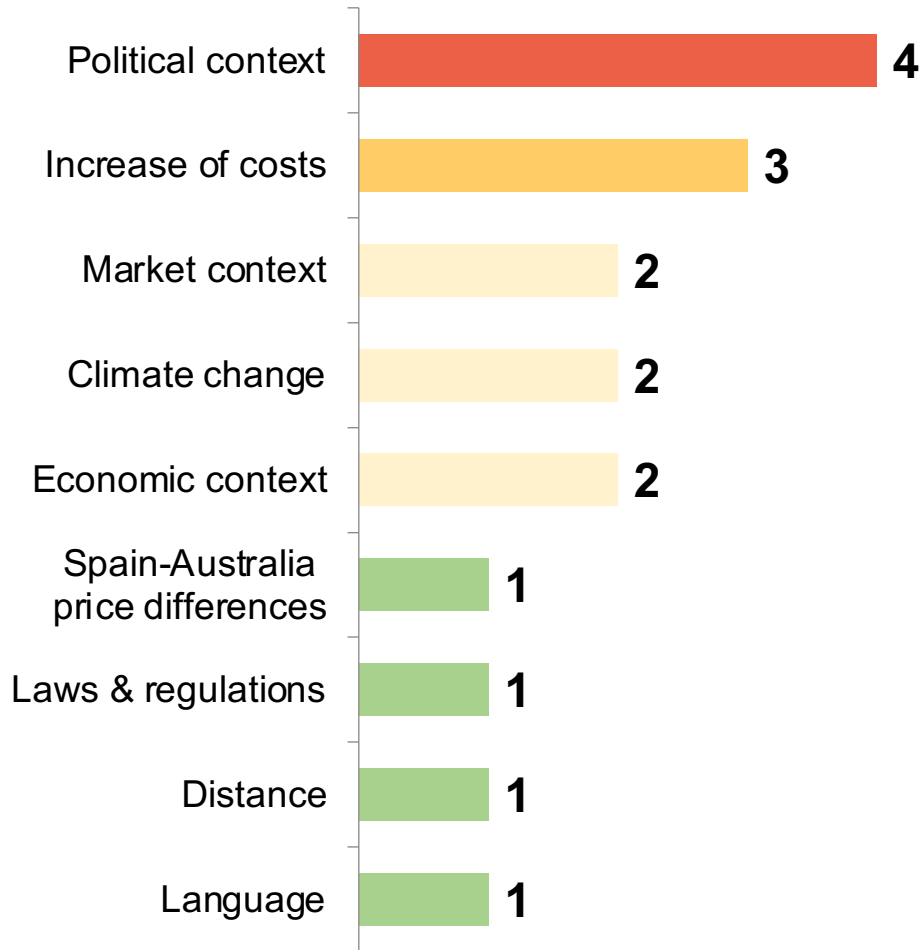
23% of the respondents showed fear to a potential deterioration of the Spanish economy.

The answers are clear: **Spain is an attractive market even under negative circumstances.** May we remind that the survey took place during the second quarter of 2022, in which we witnessed negative events such as Ukraine's invasion, and inflation, which affected the companies' expectations.

We asked the Australian companies about the issues they had to deal with during their experience in Spain.

The most recurrent issues were those related to laws & regulations within Spain and the European Union, followed by the language barriers, the specificities of the sector the companies belong to and the covid impact on the Spanish economy.





We asked the Australian companies what threats they were more concerned about regarding their activity in Spain.

The most recurrent threats were the following:

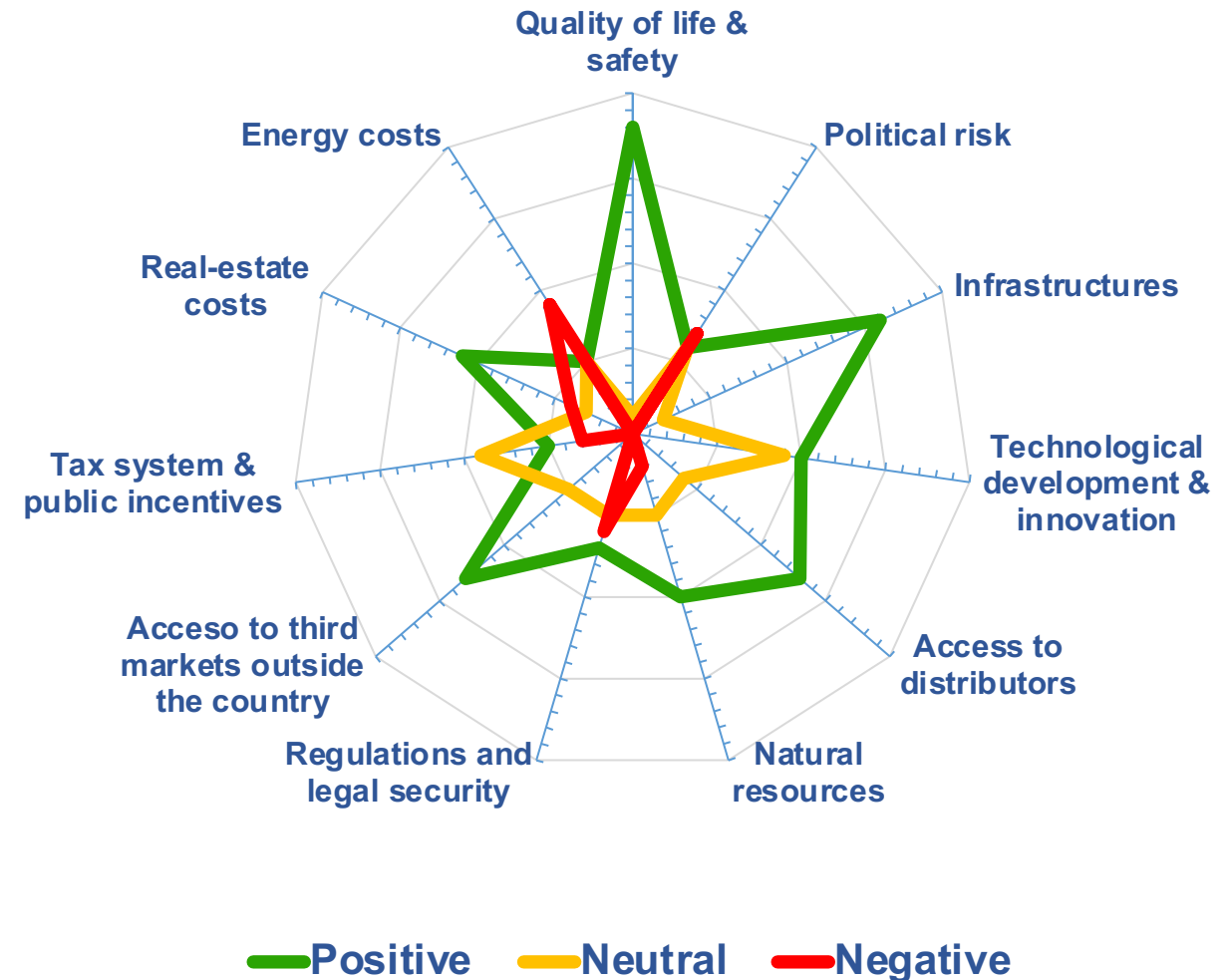
- A more politically volatile context.
- The increase of costs, especially energy costs.
- The impact of climate change in the economy.
- Market & context factors.
- Less importantly, the price differences between Australia and Spain (they are lower in Spain), the European and autonomous regulations, distance between both countries and language barriers.

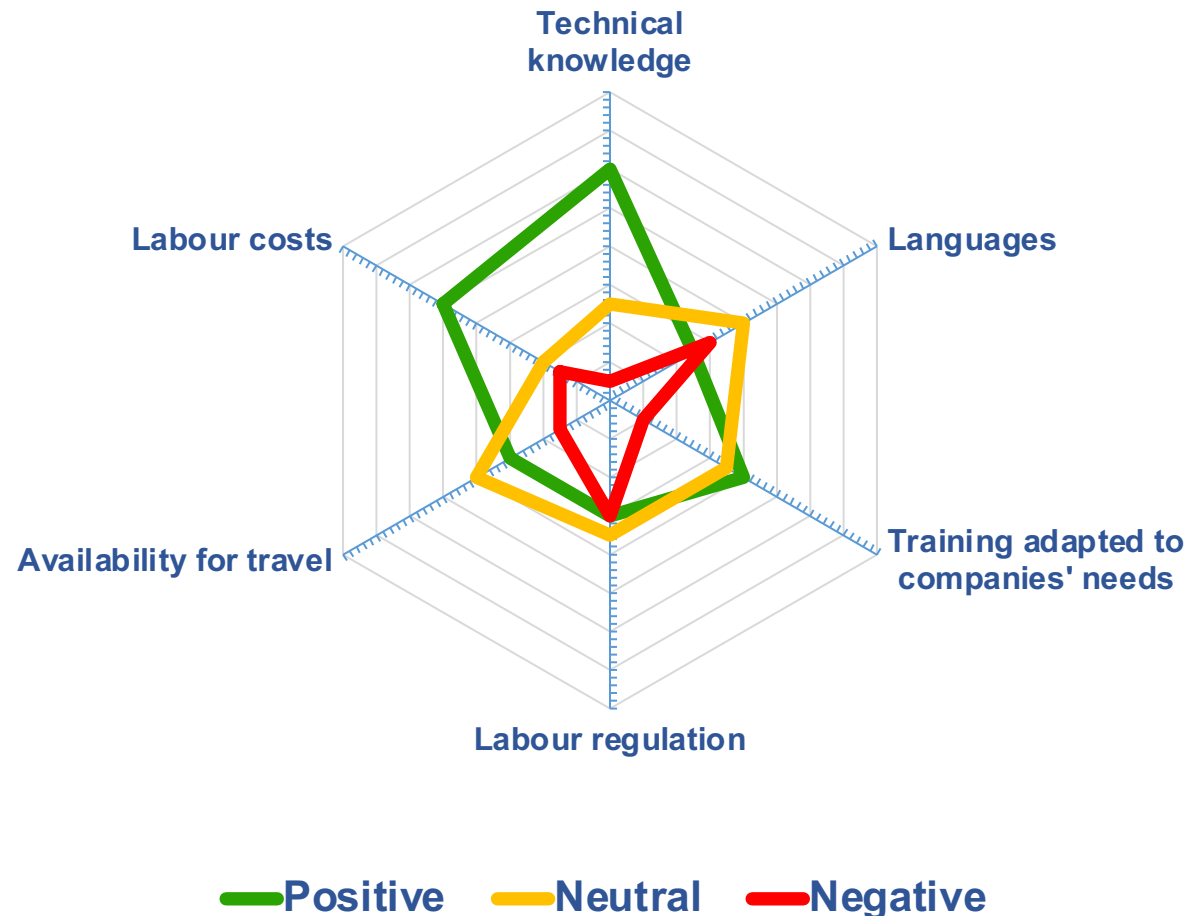
Attractive factors

We asked the Australian companies to rank some aspects of the Spanish economy.

The **most positive aspects** were those commonly related to well-developed economies: quality of life, infrastructures and access to third markets & suppliers.

The **less valued aspects** were energetic costs, political risk and regulations.





We asked the Australian companies to rank some aspects of the labour market in Spain.

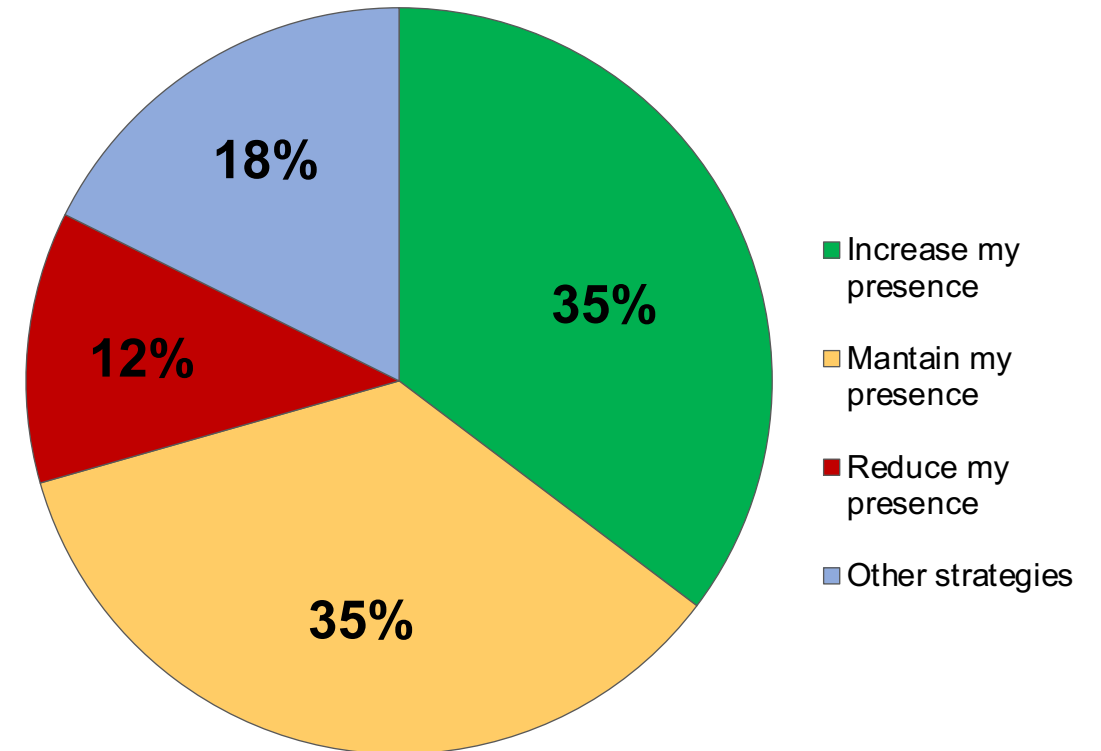
The **most positive aspects** were technical knowledge, labor costs and training matching the companies' needs.

The main weaknesses were the low language skills and labour regulations.

We asked the Australian companies if, considering the unexpected crisis that have arosed in the latest years, they see Spain as a way to diversify and reduce risks, or if on the contrary they think of this country as and additional difficulty. We mentioned Brexit, covid and Ukraine's invasion.

70% of the companies stated that their presence in Spain was a way to diversify and be better prepared against the unexpected risks that have arisen recently, so they would like to increase their presence there or maintain their actual presence.

Only 12% of the respondents were considering to reduce their presence in the Spanish market.



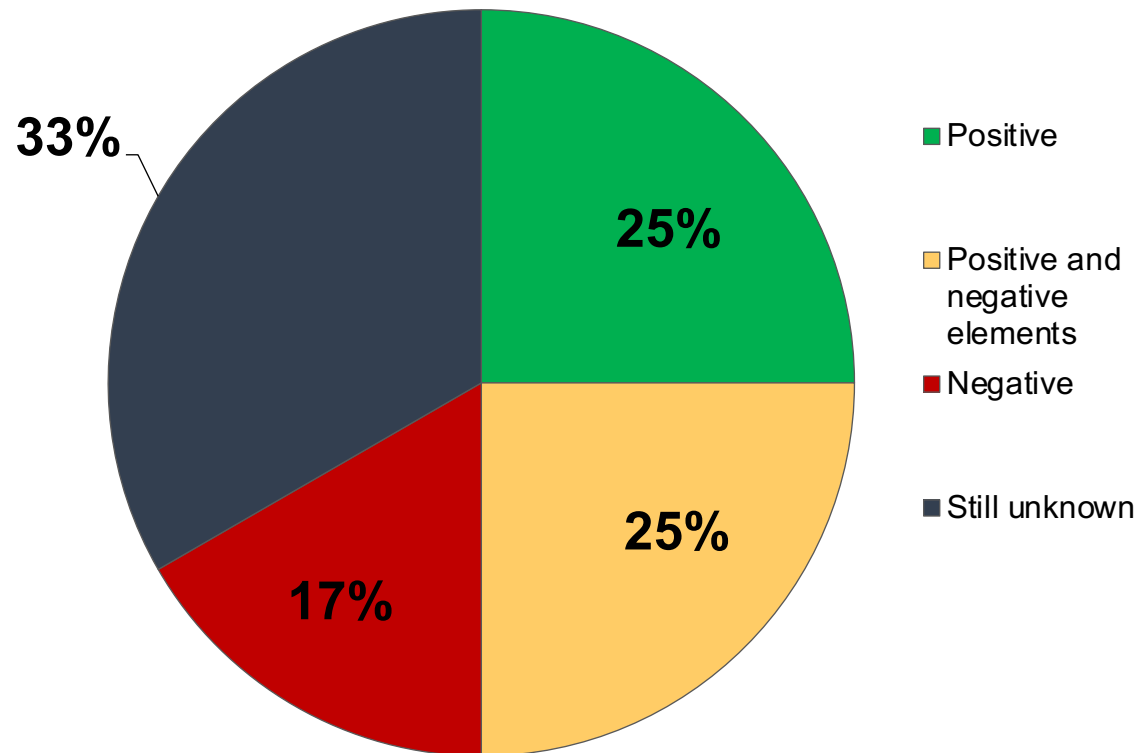
Perception

We asked about how Australian companies are perceived in Spain.

33% of the contestants stated that Australian companies are still quite unknown as their presence is low, though increasing.

25% consider Australian companies have a good reputation in Spain. 25% consider there are both positive and negative aspects in the way Spain perceives them.

Among the **positive aspects**, the respondents underlined that Australia was seen as an innovative country, a favored tourist & education destination and an improving image at a global level.

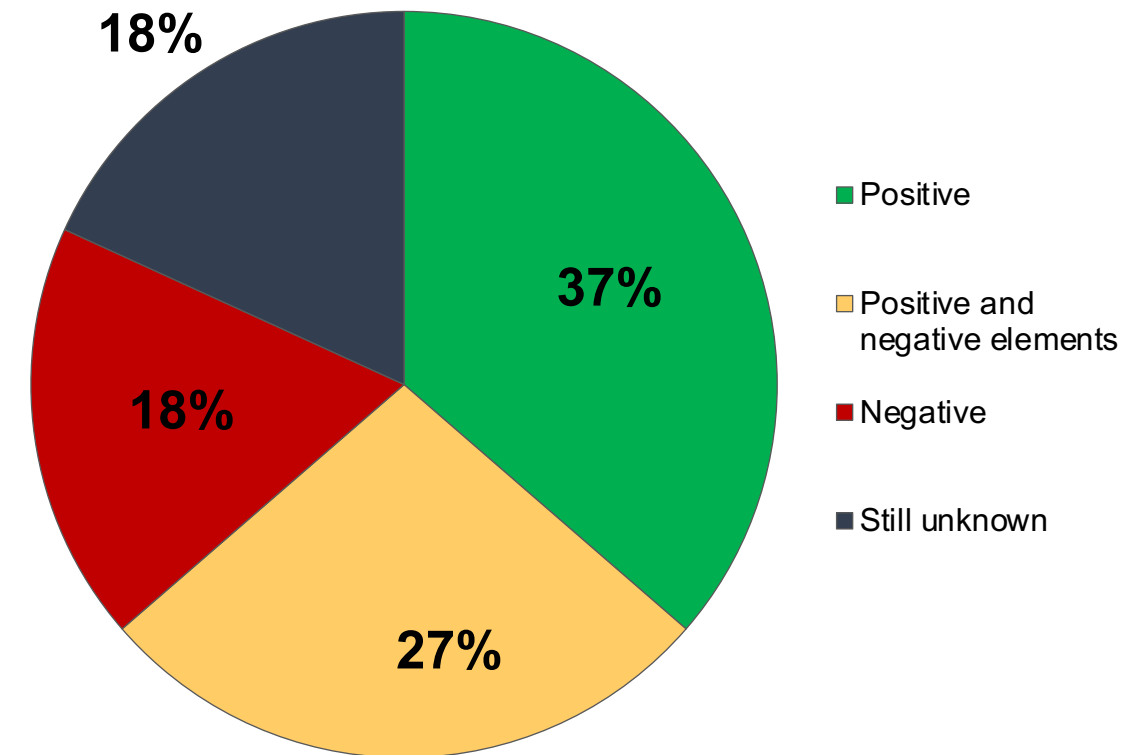


We asked the Australian companies about their general perception of the Spanish market.

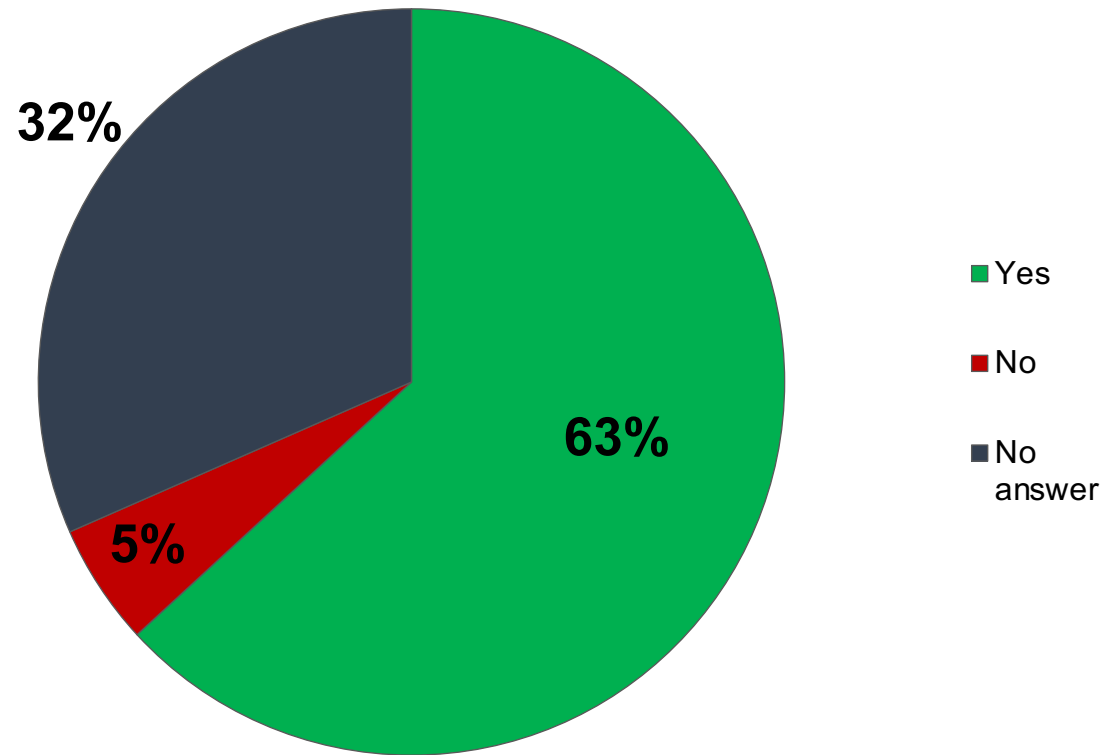
37% of the companies answered that Australians have a positive perception of the Spanish market. 27% consider there are both positive and negative aspects, 18% think the image is negative, and 18% think it's still quite unknown in their country.

Among the **positive aspects**, the contestants highlighted Spain's modernity, investment opportunities, reliability, high-quality products.

Among the **negative aspects**: linguistic barriers, distance, and excessive bureaucracy to operate with Australia were mentioned.



Sustainability



We asked the Australian companies whether they have a sustainability strategy in the Spanish market.

Over 60% of the respondents (companies exporting to Spain or with branches in Spain) declared they had a sustainability strategy that impacted their operations with Spain.

Only 5% said they didn't have such strategy.

This shows the Australian companies look at sustainability-related factors as an important part of their competitiveness in Spain.

We welcomed the companies to give us their feedback on their sustainability strategy.

Among their insights were the following:

- Sustainability is a priority for companies to move forward towards a model of excellence and to create a positive impact company in both people and communities.
- Development of sustainable, market-adapted products.
- Generate a positive impact in the local community.
- Reduce the environment footprint.

We asked the Australian companies what they think about Spain's sustainability strategies in relation to Australia's.

The companies mentioned the following aspects:

- Both countries have similar sustainability standards.
- Spain's energy industry has excellent sustainability strategies in comparison with Australia.
- Spain's sustainability is to a large extent determined by the European Union regulations.

Assessment of reforms

We asked the Australian companies what reforms would increase the most their presence in the Spanish market.

The most favoured reforms were reducing taxes and administrative fees, as well as improving labor flexibility.

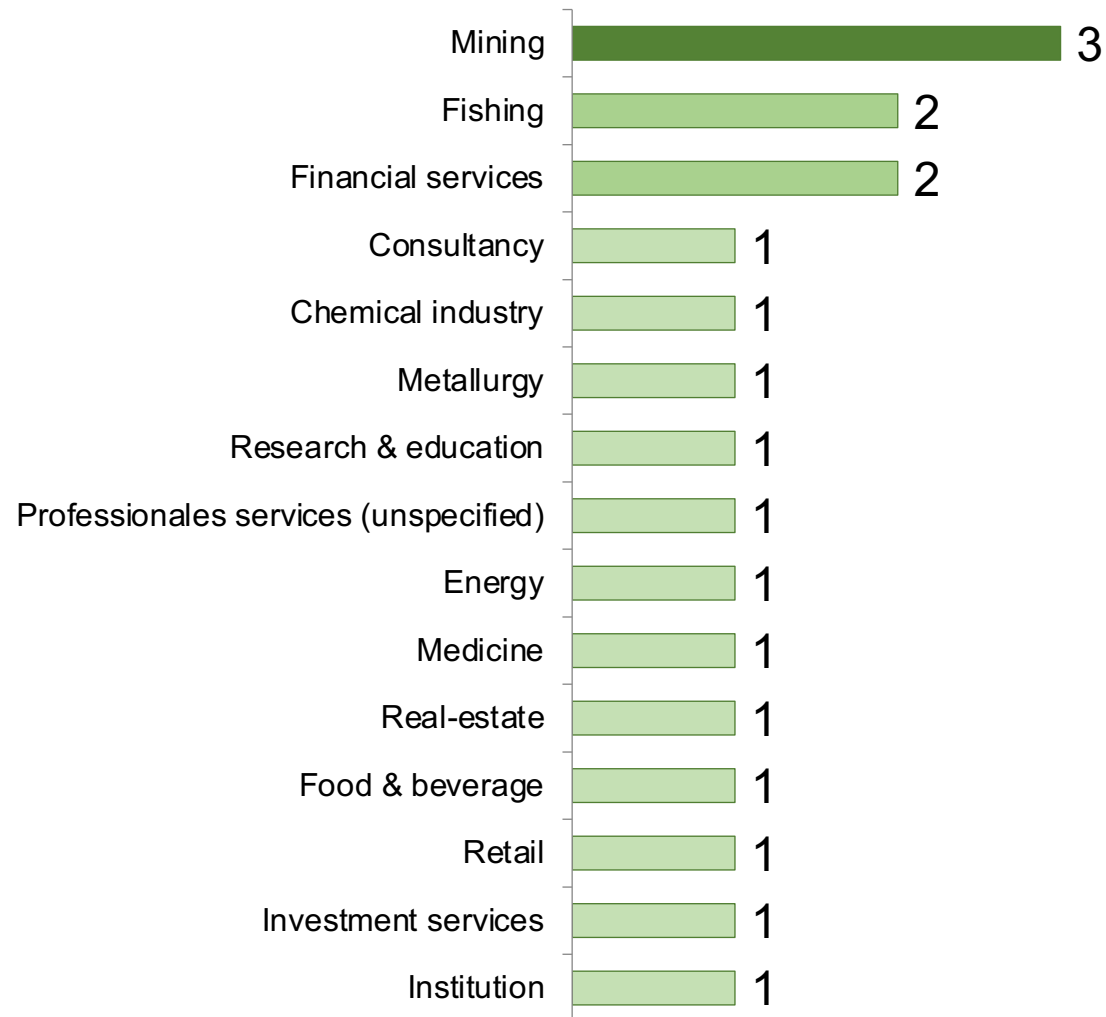
The respondents didn't think of improving the worker's qualification neither increasing R&D incentives as priorities.



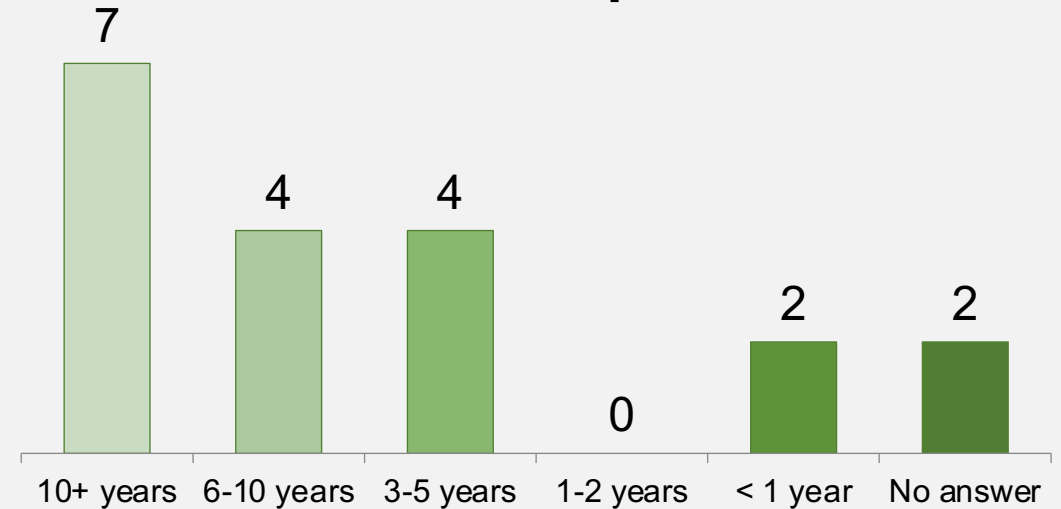
*The reforms are sorted by preference.
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Sample

Repondents' sectors



Years in Spain



The companies responding this survey belong to diverse sectors. Nevertheless, mining was the most common.

On the other hand, most of these companies have a long experience in the Spanish market, and therefore they have in-depth knowledge.

Methodology

Universe

The universe of this survey includes all Spanish companies that have economic interests in the Australian market, and viceversa. That is:

Exporting companies: Spanish companies that sell their products in the Australian market and Australian companies selling to the Spanish market.

Companies with branches in the other country: Spanish companies with Australian capital, as well as their parent companies, and Australian companies with Spanish capital, as well as their parent companies. We have attempted to survey both the parent and the branch.

Sample and sources

In order to get a sample as complete as possible, we searched for accurate companies in multiple sources:

- The previous experience and knowledge of both Gedeth Network and Spain-Australia Council Foundation
- Australia-Spain Business Association (ASBA)
- ORBIS database
- Spain's Chamber of Commerce's directory of exporting companies at (directorio.camaras.org)
- ICEX's directory of Spanish companies established in Australia
- Australian and Spanish sectoral associations (we asked them to forward the survey to their members)
- Catalogs of Spanish fairs featuring Australian companies

Conducting the survey

The collection of responses was carried out through a **web-based survey platform** hosted on European servers (survey.zoho.eu).

No identifying information was asked about the companies or the respondents, in order to give them greater trust, and because it was not necessary for the purposes of the study.

There are **two versions of the survey**, and each contact has received only one. The questions are the same in both versions, but one asks about Spain, and the other asks about Australia. In all cases, the survey is in English and Spanish.

Dissemination

Dissemination was carried out in two phases.

First, an e-mail was sent to each contact in the sample, with a link to the survey.

Subsequently, an attempt was made to contact them by telephone, in order to ask them to answer the survey, or to collect their answers by telephone.

A telephone campaign was conducted to both contacts in Spain and contacts in Australia.

Actions and results

Contacted companies	126 (about Spain) 699 (about Australia)
Phone calls	1700
Total number of valid responses	19 (about Spain) 131 (about Australia)
Start date	7-4-2022
Finish date	6-6-2022
Medium	Online form