

II BAROMETER OF BILATERAL ECONOMIC RELATIONS **SPAIN – AUSTRALIA** **2024**

OCTOBER 2024

Summary of findings

The Barometer

Survey conducted in August and September 2024 on behalf of the Spain Australia Council Foundation. Second edition after 2022.

Objective: to improve understanding of the economic relations between the two countries, gathering opinions from companies that maintain relations between the two countries, such as exporters, importers, companies with capital from the other country and investors.

Este barómetro se divide en dos partes:

- Spanish companies answer questions about Australia
- Australian companies answer questions about Spain

The results are presented separately for each of the two markets.

Main conclusions

In general, we can highlight positivity and optimism in the respondents, even taking into account the recent and current crisis situations.

- Widespread satisfaction and optimism.
- Both Spain and Australia are markets that are rated positively in almost all of their factors.
- In general, companies intend to increase their bilateral activity.
- However, there are major concerns with issues such as the distance between the two markets and the possibility of increased logistics costs. For the first time in the survey, climate risks are mentioned. The results are slightly less positive than in 2022.
- Companies in these countries generally have a positive image.
- It would be important to improve mutual understanding of both countries, since some negative aspects are attributed to lack of knowledge.

Survey on the Australian market

*Survey of Spanish companies with activities in Australia, either as exporters
or as parent companies of subsidiaries established in Australia.*

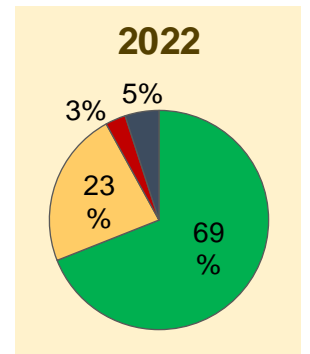
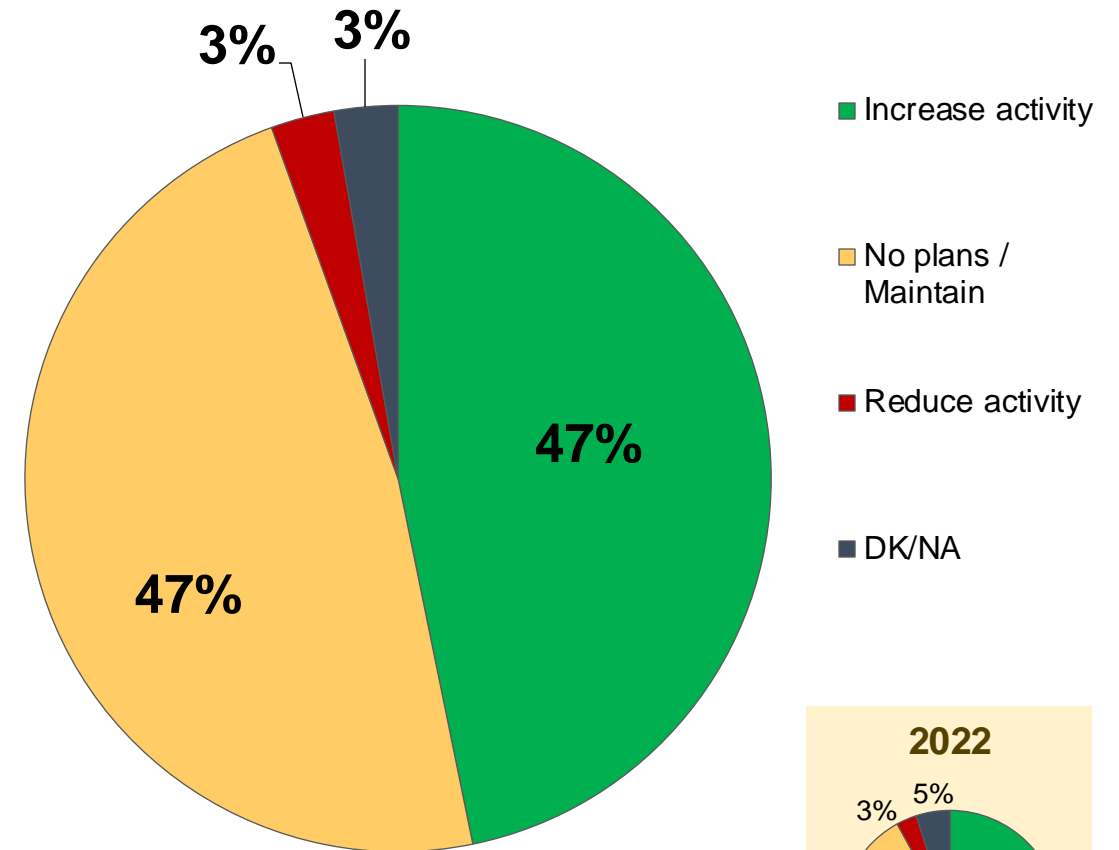
Presence in Australia

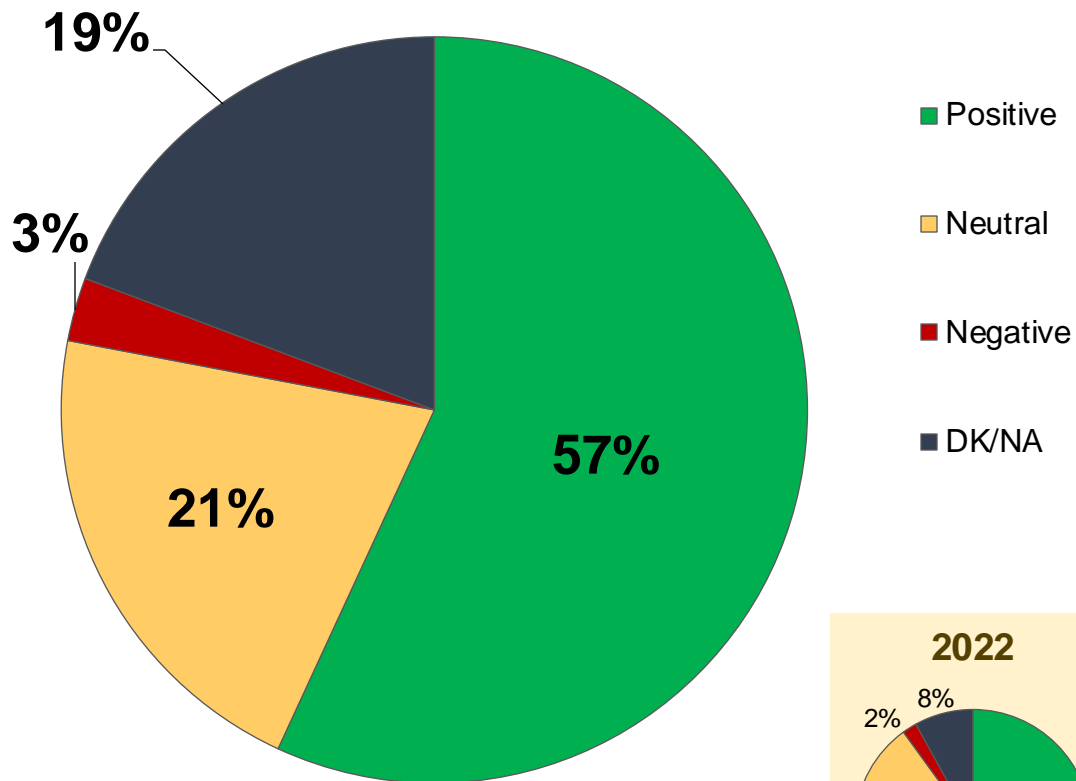
We asked Spanish companies whether they plan to increase, maintain or reduce their activity in Australia.

47% percent of the Spanish companies with export activity or a subsidiary in Australia that responded to the survey indicated their plan to **increase activity**. Only 3% plan to reduce it.

For most Spanish companies working with Australia, **it is a profitable market with positive prospects**.

However, there is a slowdown of plans compared to 2022.

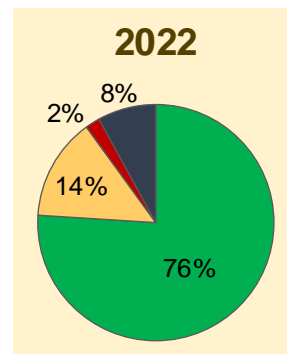




We asked Spanish companies for their views on Australia's economic outlook.

57% of the responses indicate a **positive outlook** for the Australian economy, while only 3% indicate fears of a worsening of the country's economy.

Although optimism is dominant, as in the 2022 survey, the percentage of positive responses is down 19% from the previous survey.



Problems and threats

We asked Spanish companies what problems they have encountered during their time in Australia.

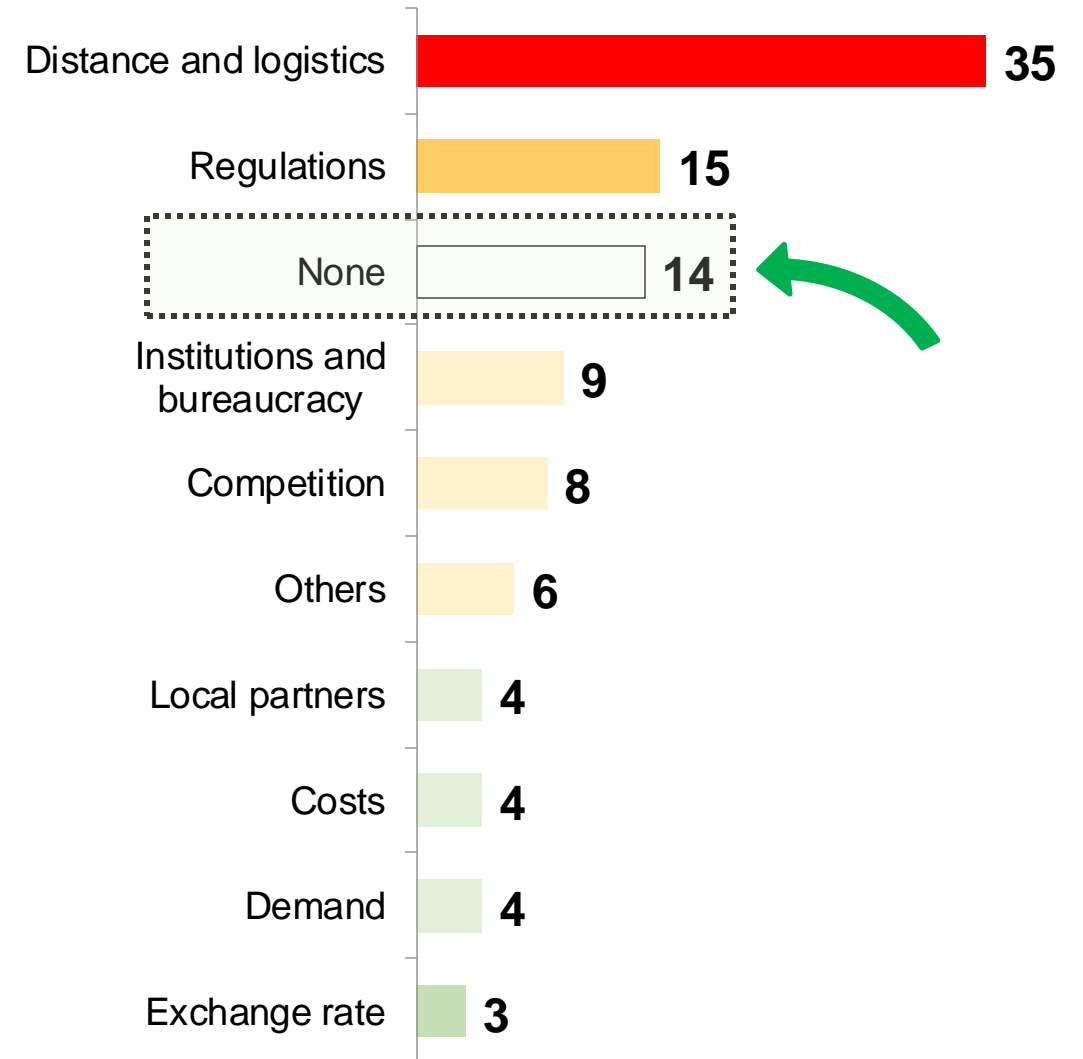
One stands out above all others: **the distance to Australia**. Companies repeatedly mention the complexities of such a distant market, such as the logistical cost, the length of transport, the time difference or the difference in seasons.

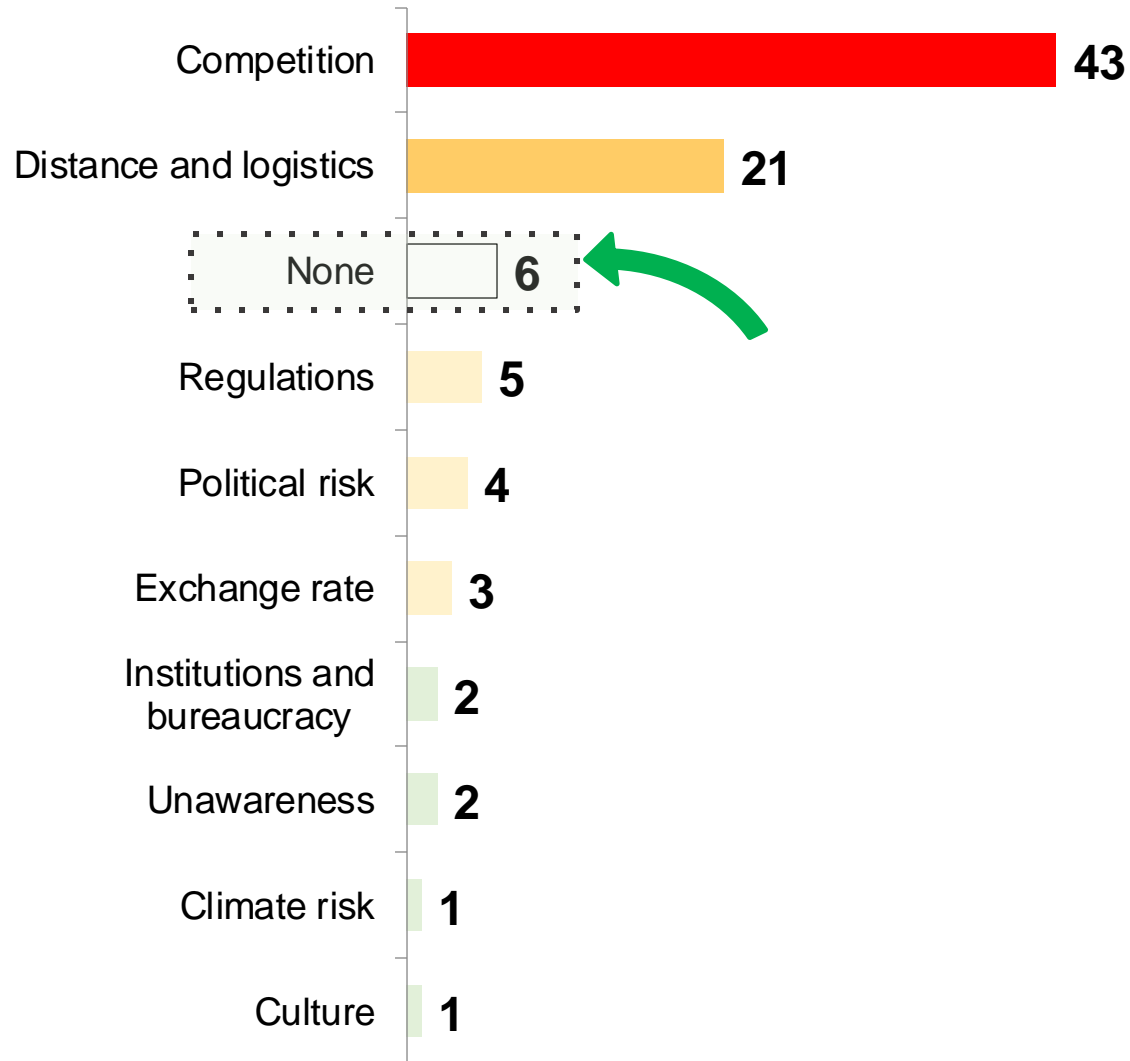
Companies also point to difficulties with strict regulations, bureaucracy and competitors, especially those from Southeast Asia.

But it does highlight that 14 respondents state that they have not had any major problems working with Australia.

He also points out that relevant issues in other markets are practically non-existent in Australia. For example, political risk, foreign exchange risk or infrastructure.

Methodological note: respondents answered this question freely, and their answers have been subsequently classified into these categories.





We asked Spanish companies what potential threats they are most concerned about with respect to their future business in Australia.

Competition is the main concern for the future. Not only Asian competition (China, India and Southeast), but also local Australian competition in sectors that are developing.

Distance is also a relevant threat, especially if external factors increase the cost of transportation.

Threats that are relevant in other markets, such as political or regulatory risk, are of little importance in Australia. It should be noted that, for the first time, one respondent highlights climate risk.

6 respondents find no major threats.

Methodological note: respondents answered this question freely, and their answers have been subsequently classified into these categories.

Attraction factors

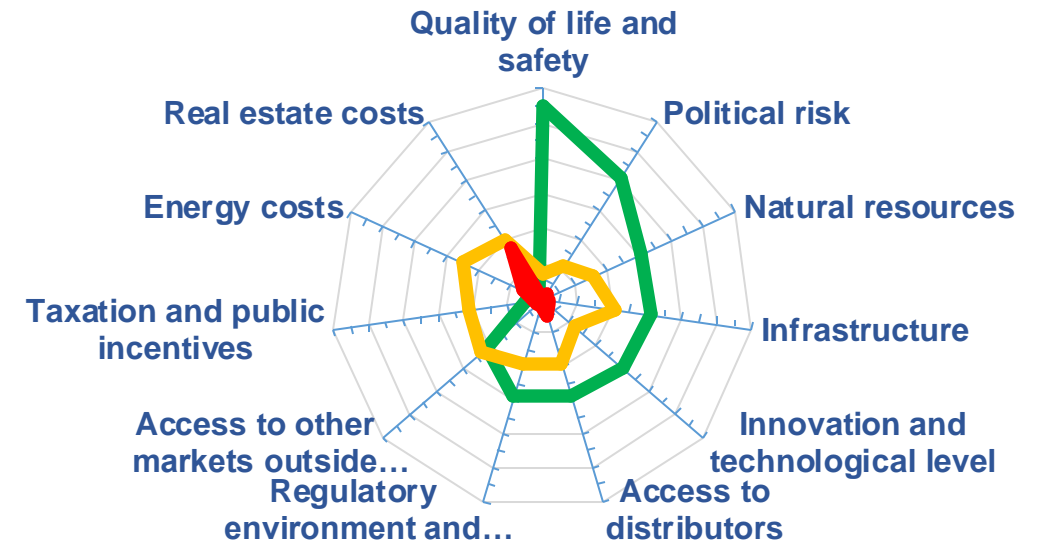
We asked Spanish companies to rate different factors of the Australian economy.

What stands out most is the low weight of negative factors. Most of the factors have very few negative evaluations. Only costs (energy, real estate) and public incentives are unattractive.

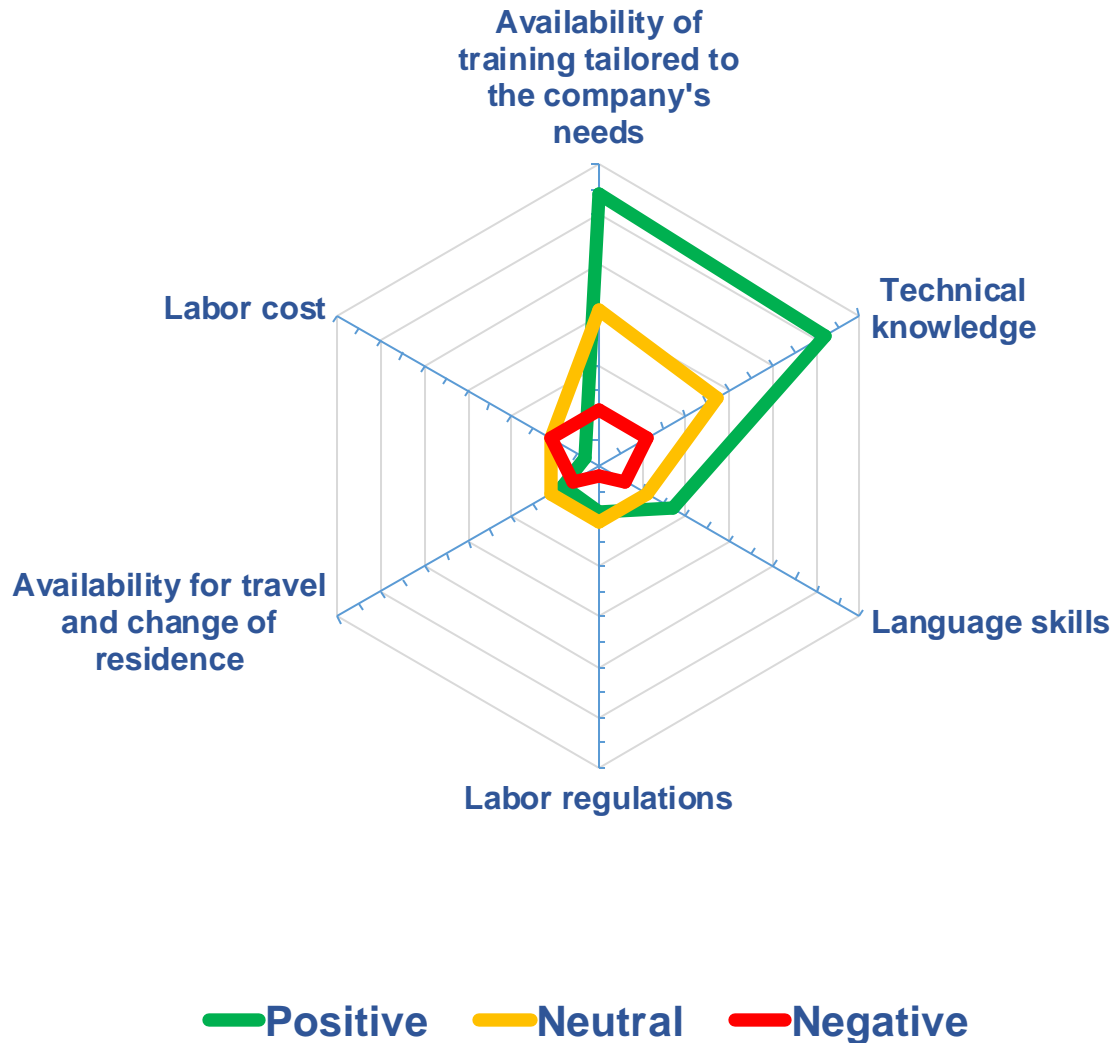
On the other hand, companies highlight very positively the quality of life and safety in Australia, followed by low political risk, natural resources, infrastructure, technology, distribution and legal certainty.

Australia is, therefore, a very attractive market in the eyes of Spanish companies, in almost all aspects.

The ratings are extremely similar to those of 2022, with a slight worsening of the negative and neutral aspects.



— positive — neutral — negative



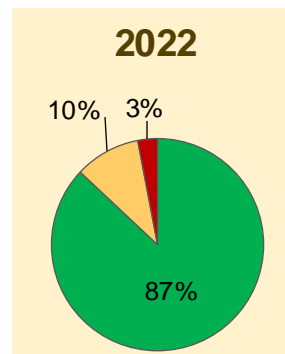
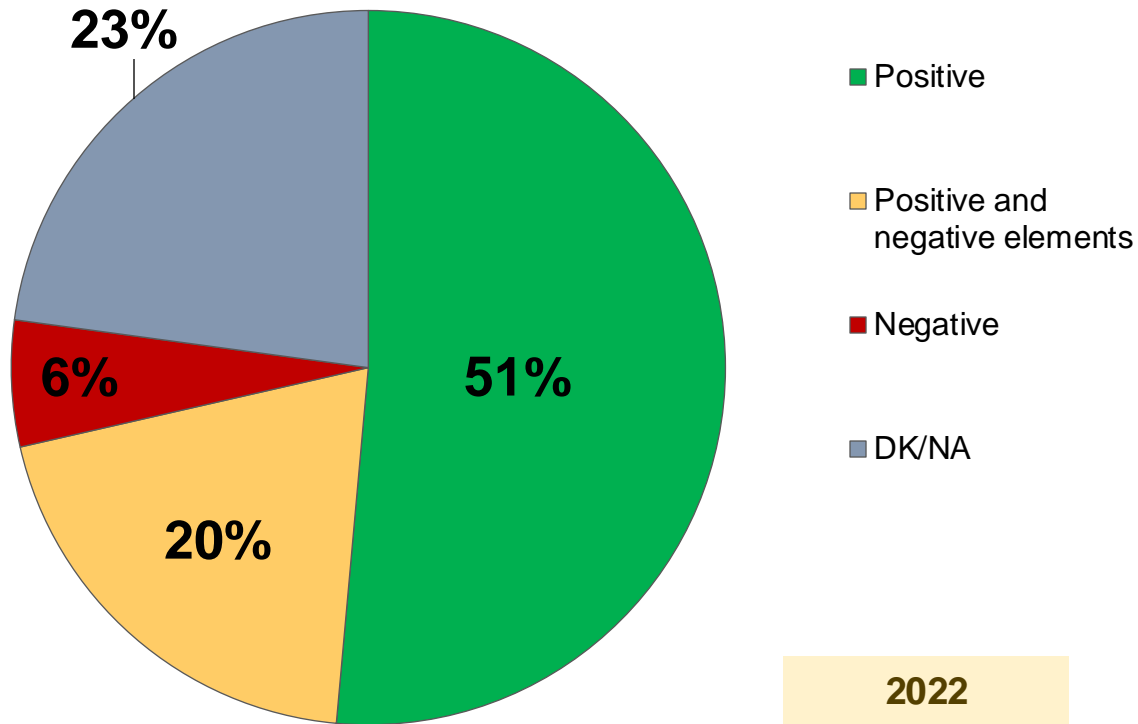
We asked Spanish companies to assess different factors of the Australian labor market. This concept is of interest to companies with plans to invest in Australia.

There is a **predominance of positive ratings**. Few companies highlighted negative factors, and almost all factors are much more positive and neutral than negative.

It should be noted that the aspects most valued by companies are training (including languages) and technical knowledge. The **least important** factor is labor costs.

Results for 2024 are very similar to 2023.

Perception



We asked about the image of Spanish companies in Australia.

51% think that Spanish companies have a good image in Australia.

Only 6% highlight the negative, and 20% point to both positive and negative elements in the perception.

The main problem is the **lack of knowledge** and the low profile of Spain in Australia.

In general, they consider this image to be well-deserved and fair.

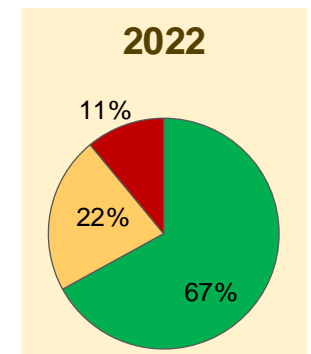
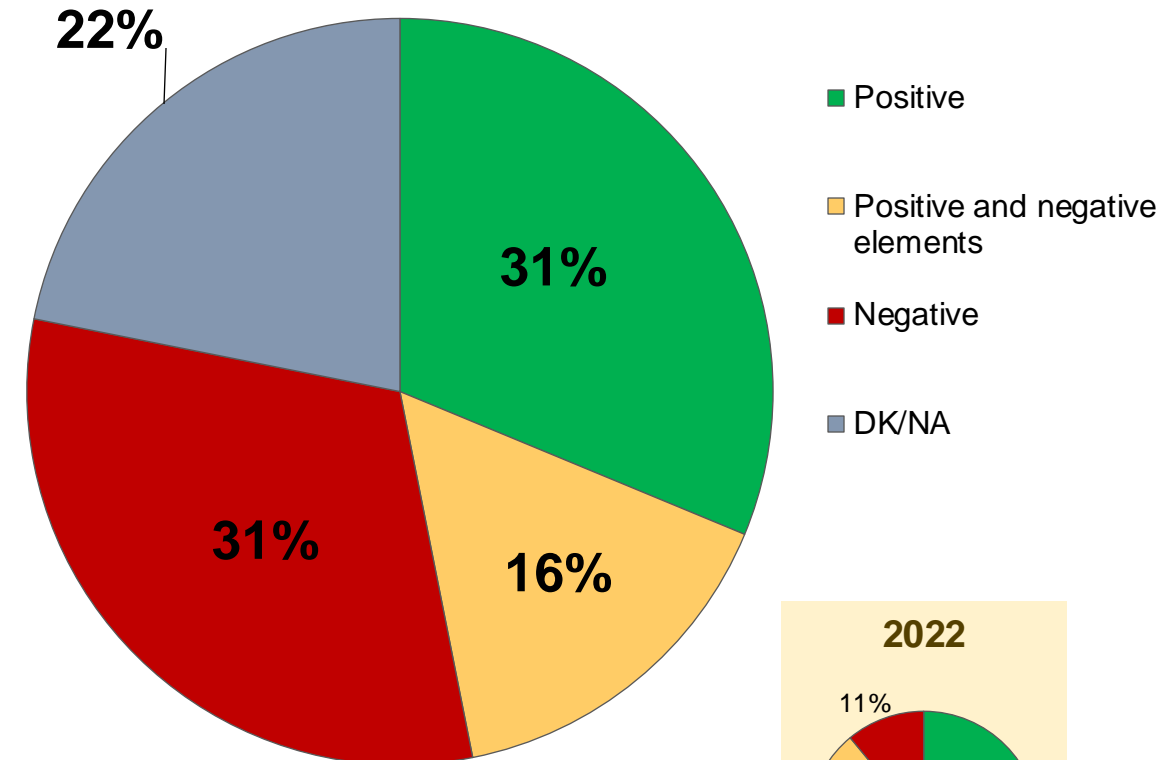
The results are less positive than in 2022.

We asked about the perception that Spanish companies, in general, have of the Australian market.

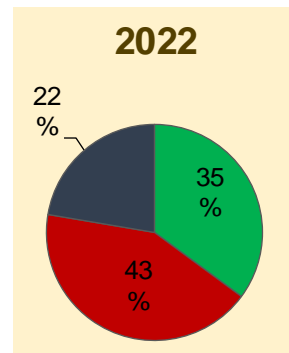
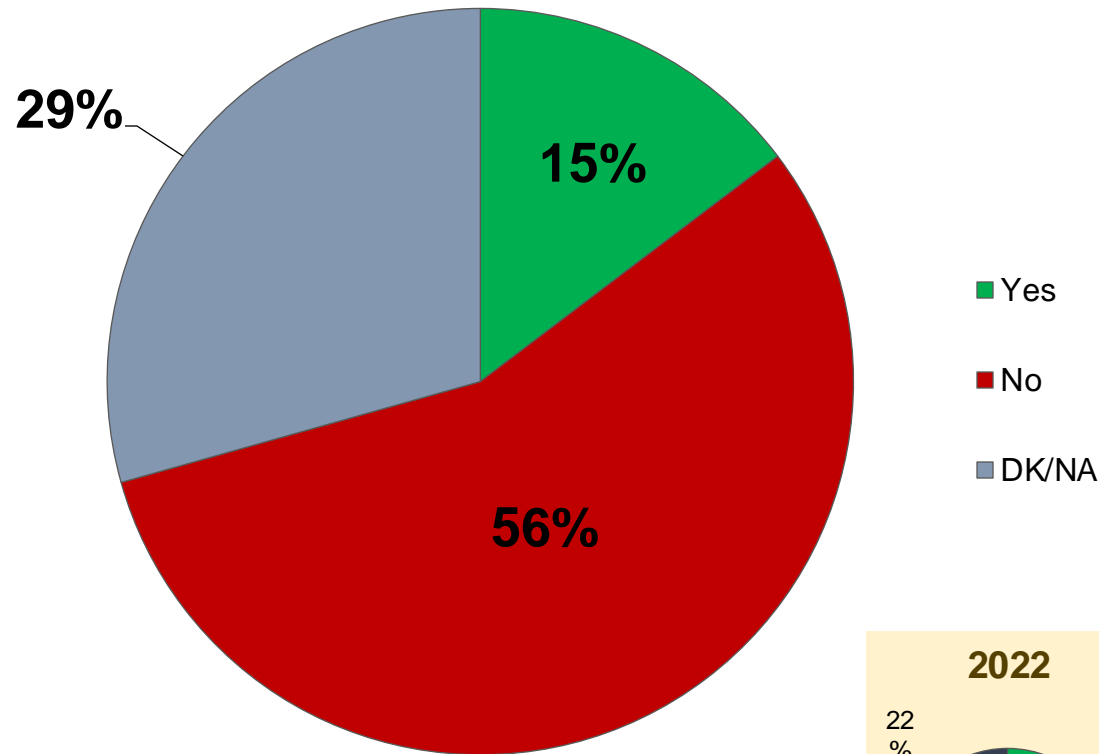
We asked about the perception of the Australian market in Spain, with 31% of respondents saying that Spain has a **positive view of the Australian market**, and the same number saying that the perception is negative. 16% spoke of both positive and negative aspects.

The big problem is **lack of knowledge**. There is little information about Australia in Spain, and companies fear the distance and barriers to entry. Fortunately, some companies highlight the seriousness of the market and its opportunities.

The results are less positive than in 2022, indicating the need for dissemination.



Sustainability



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

15% of the companies surveyed (companies with subsidiaries in Australia and companies exporting to Australia) reported having a sustainability strategy that affects their activities in Australia.

The majority (56%) declared not to have one.

This indicates that sustainability is not seen by many companies as a component of their competitiveness in Australia. Respondents place less importance on it than in 2022.

Assessment of reforms

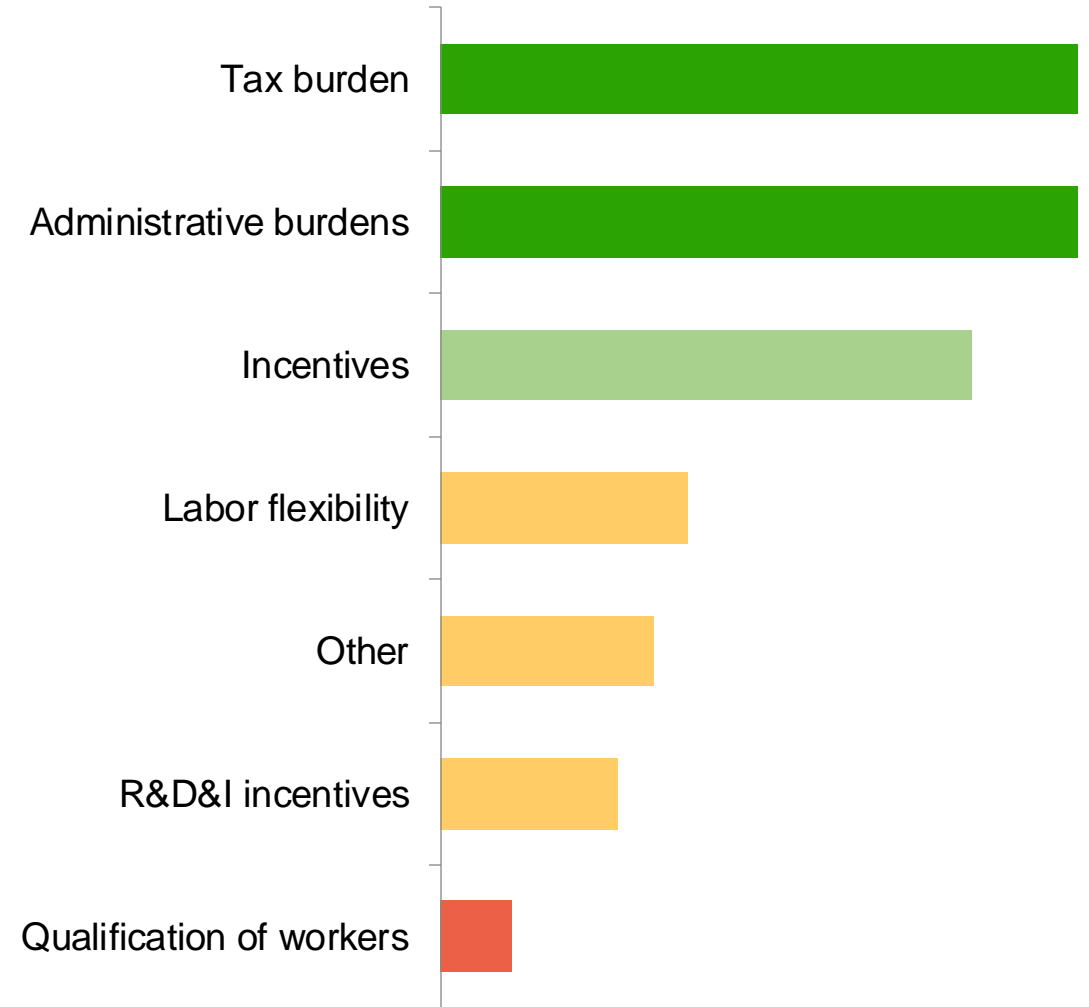
We asked Spanish companies which reforms they would find most attractive to increase their activity in the Australian market. This question was mainly aimed at Spanish companies with subsidiaries in Australia.

Reducing tax and administrative burdens are the most highly rated possible reforms.

On the other hand, improving the skills of the workforce and R&D incentives is the least valued idea.

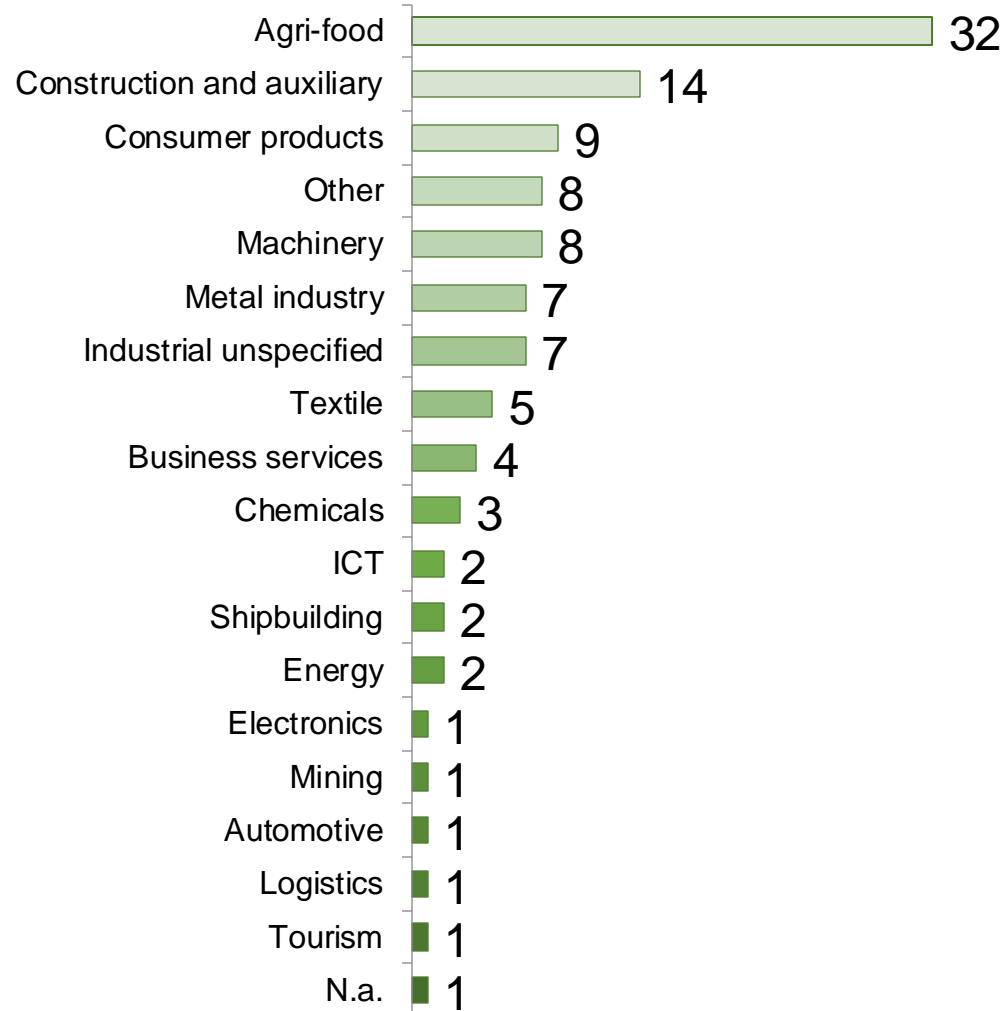
Companies give an average rating to improving incentives and increasing labor flexibility.

The reforms are ordered by number of responses.

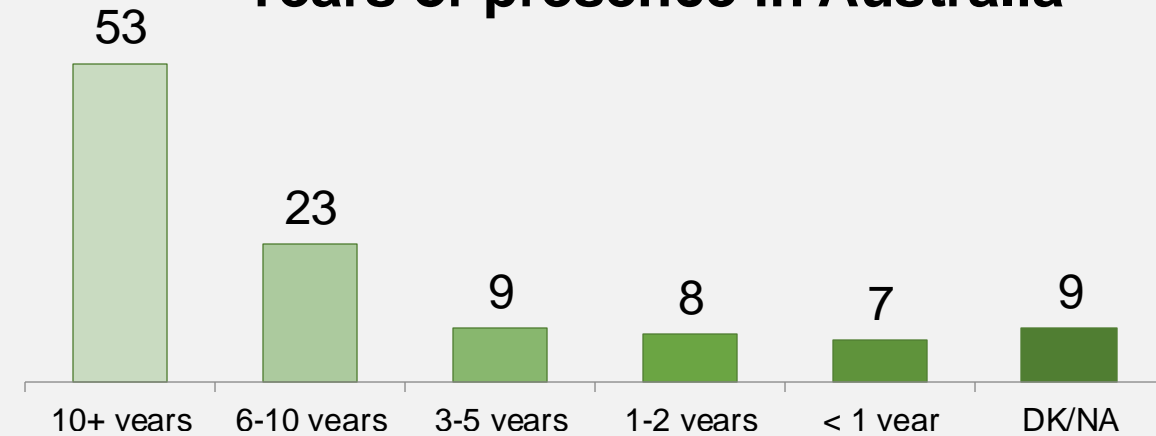


Samples

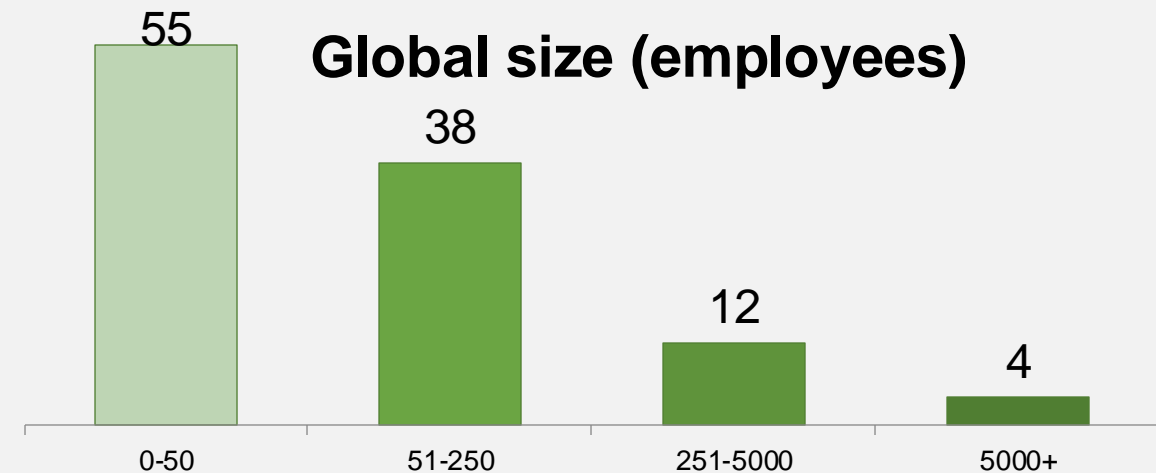
Sectors of companies surveyed



Years of presence in Australia



Global size (employees)



Survey on the Spanish market

Survey of Australian companies with activities in Spain, either as exporters or as parent companies of subsidiaries established in Spain.

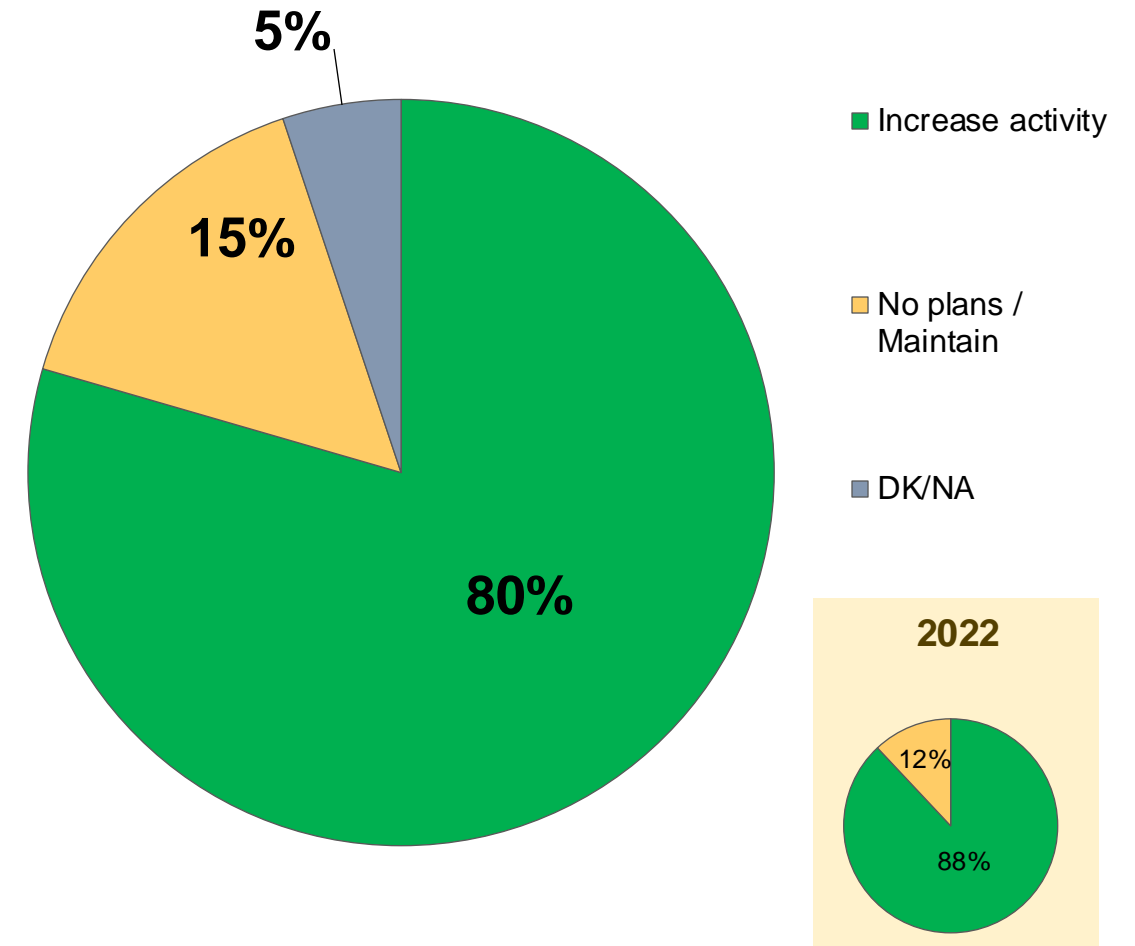
Presence in Spain

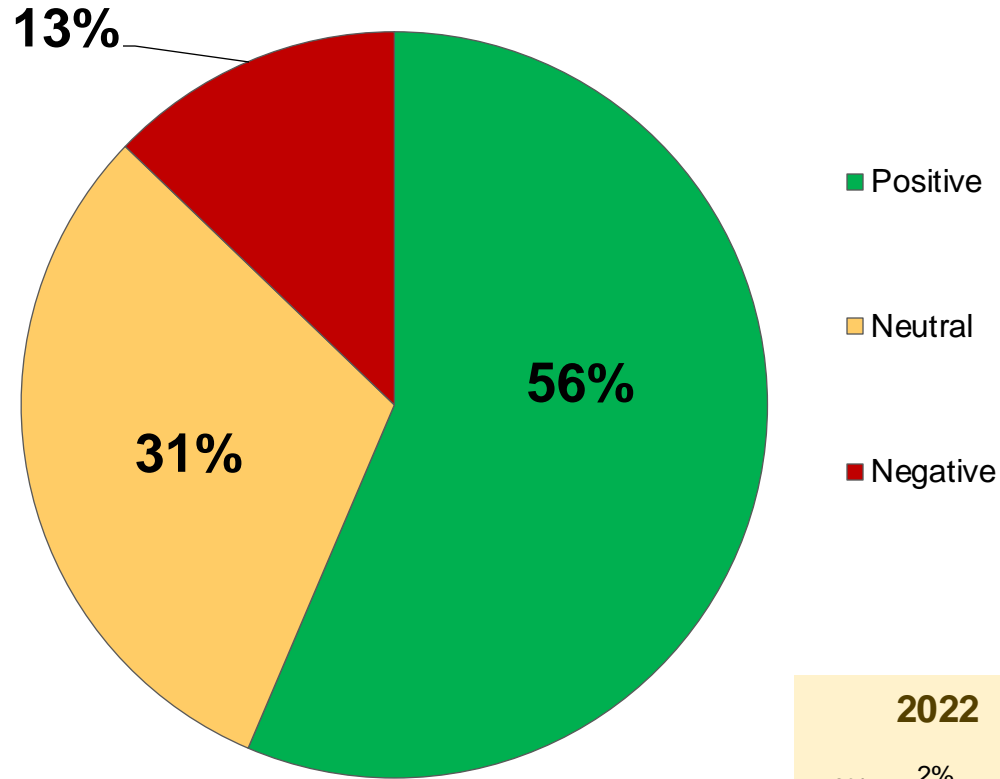
We asked companies whether they plan to increase, maintain or reduce their activity in Spain.

80% of the Australian companies with economic relations with Spain that responded to the survey indicated their plan to increase activity.

For most Australian companies working with Spain, **it is a profitable market with positive prospects.**

The results are very similar to those of 2022.





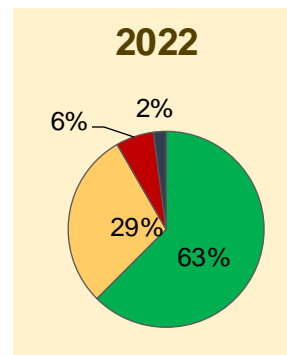
We asked Australian companies for their views on Spain's economic outlook.

56% of respondents have a positive outlook on the Spanish economy.

31% have a neutral outlook, and 13% are pessimistic.

The responses indicate that the majority are confident in the Spanish economy, although this is not a broad majority view.

In 2022, more respondents indicated both positive and negative outlooks, and almost none neutral.



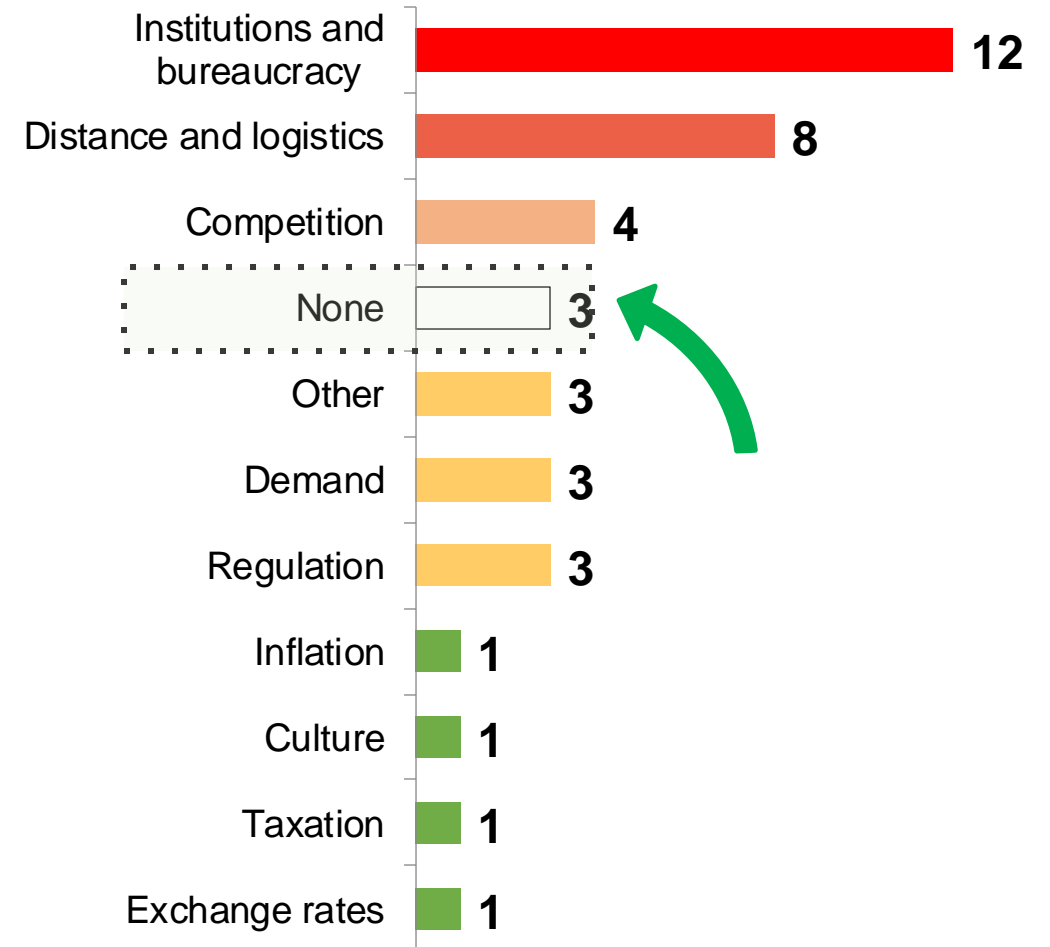
Problems and threats

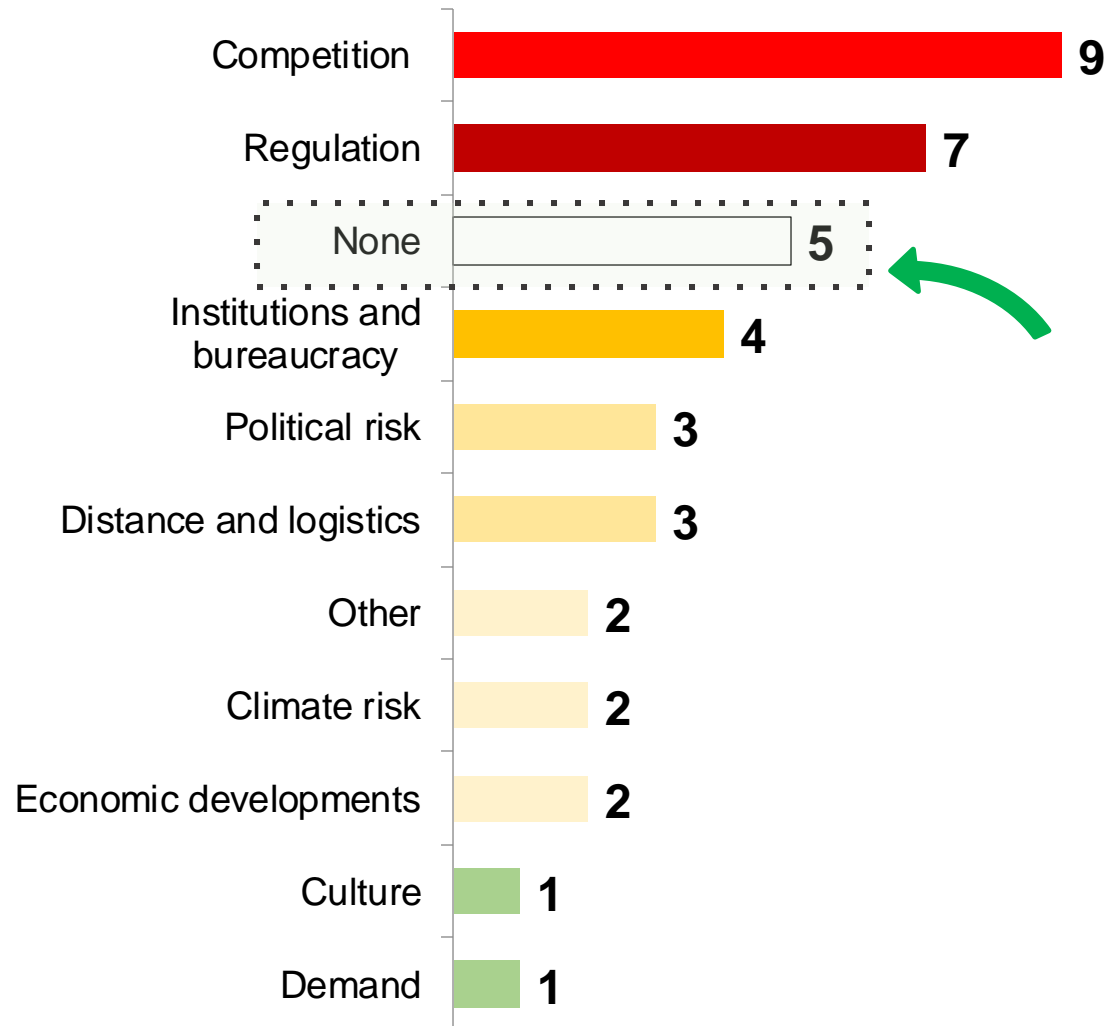
We asked Australian companies what problems they have encountered during their experience in Spain.

The most prominent result is the complaint about bureaucratic problems, such as permits, certifications and paperwork of various types.

It also highlights the pressure on business from logistics costs, which have worsened in recent years according to some respondents.

Typical problems of international operations such as culture and exchange rates have not been relevant for Australian companies.





We asked Australian companies what potential threats they are most concerned about with regard to their future business in Spain.

The most frequently mentioned threats are:

- Competition, both legitimate and inferior quality copies.
- Regulation, mentioning environmental and health aspects.
- Bureaucracy and administration decisions.
- Increased logistics costs.

Again, the responses that do not expect any serious threats in the short term stand out. It is also noteworthy that some respondents, for the first time, mention climate risk.

Methodological note: Respondents answered this question freely, and their answers have been further classified into these categories.

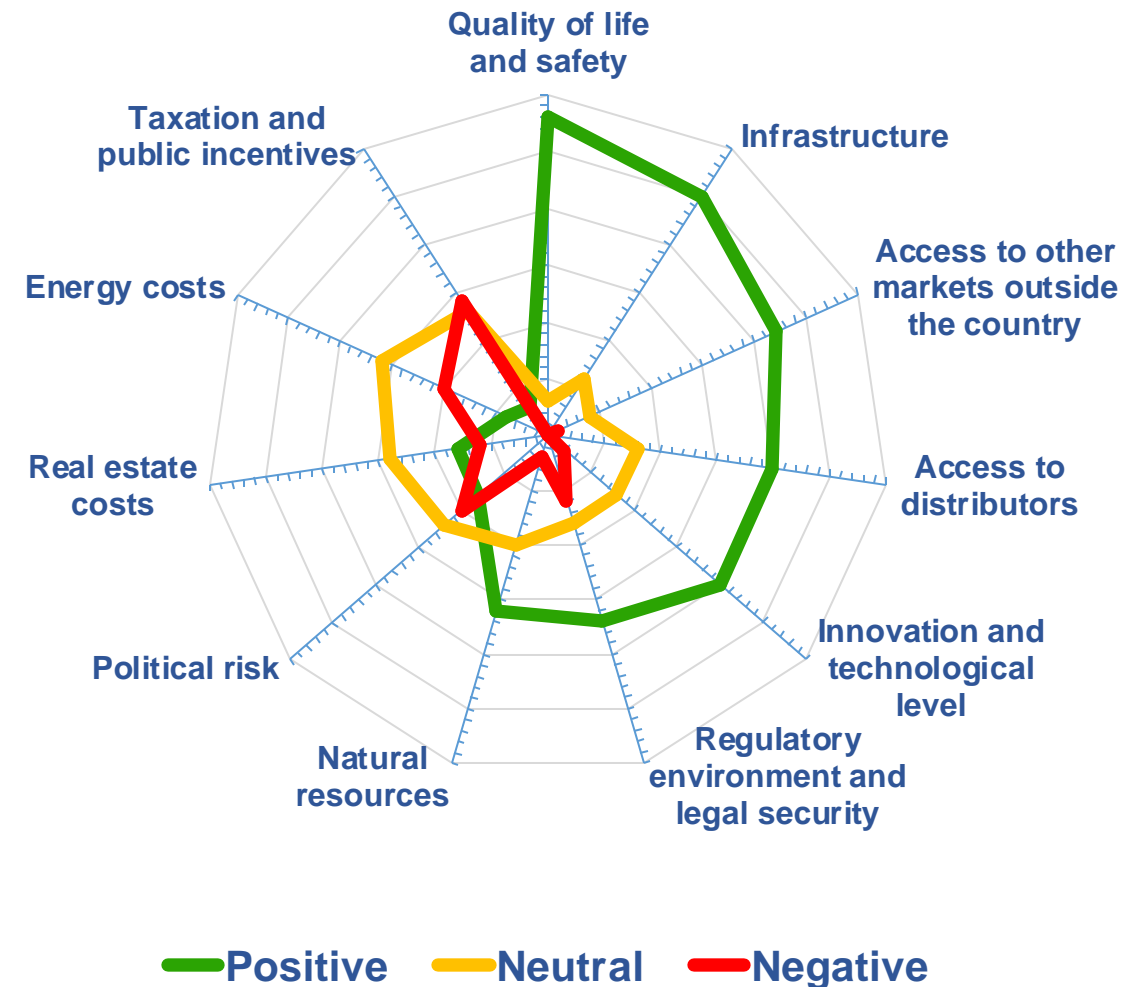
Attraction factors

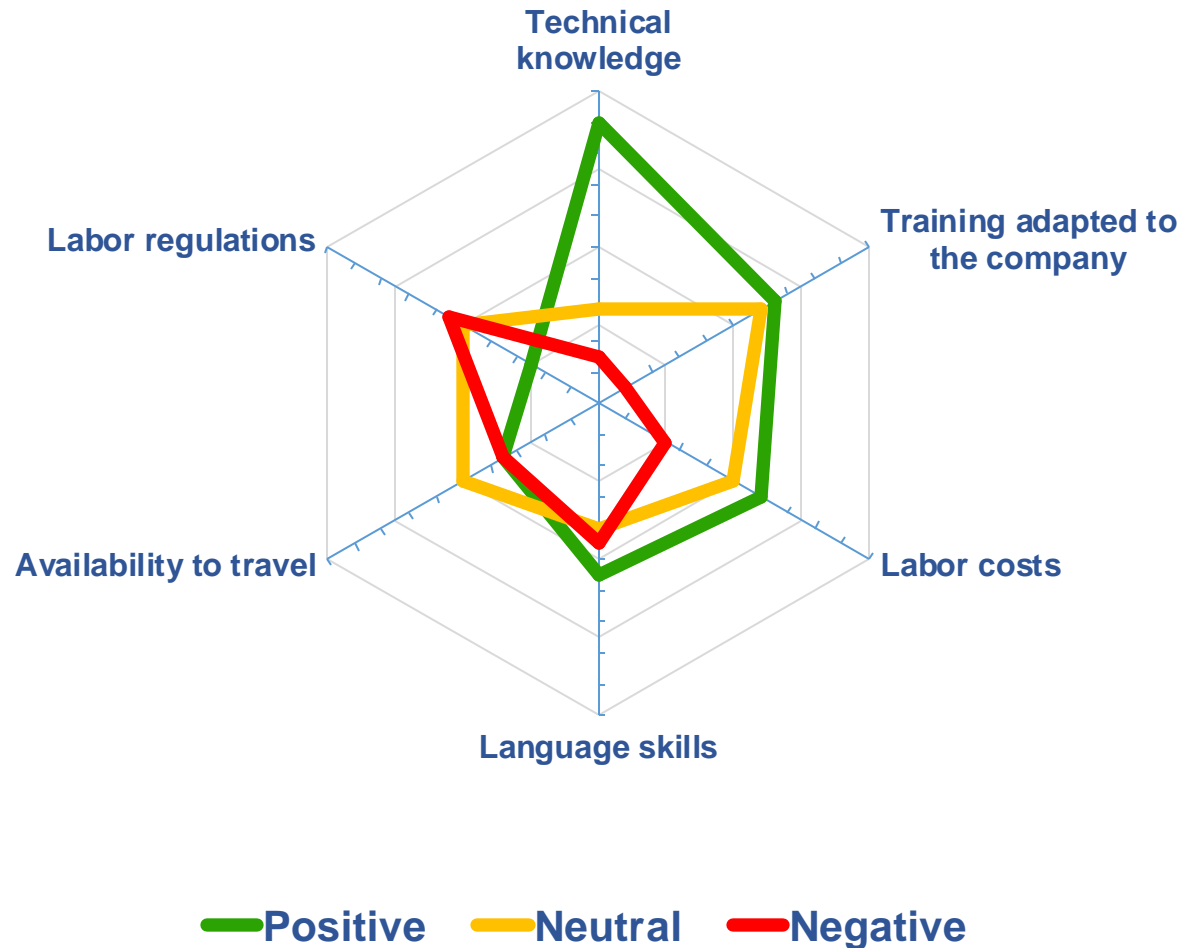
We asked Australian companies to rate different factors in Spain's economy.

The **strongest aspects** are typical of more developed economies: quality of life, infrastructure, access to third markets and distributors, technology and legal certainty.

The **worst aspects** are public incentives and taxation, and energy and real estate costs.

Positive valuations strongly predominate. Most factors are attractive to Australian companies.



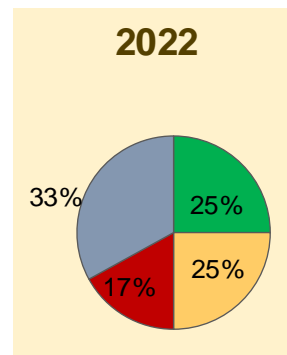
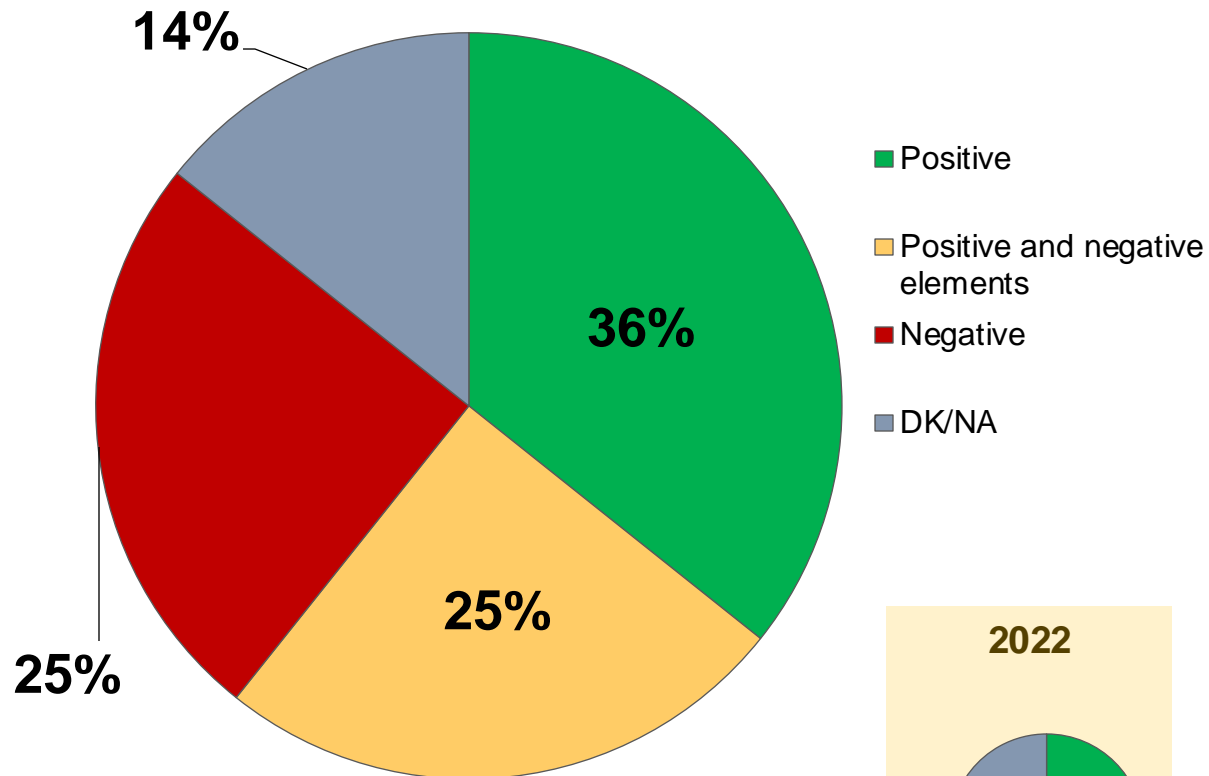


We asked Australian companies to rate different factors in the Spanish labor market.

The **strongest aspects** are those related to training: technical knowledge, specialized training and languages. Labor costs are also a positive factor.

The **least attractive** factors for Australian companies are labor regulation and the flexibility of staff to travel.

Perception



We asked about the image of Australian companies in Spain.

There is a diversity of opinion among respondents on the image of Australian companies in Spain.

The most mentioned negative aspect is the lack of knowledge, the lack of image. While the most mentioned positive aspects are seriousness and professionalism.

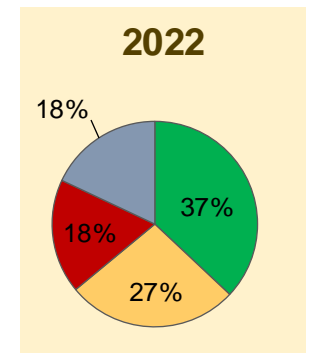
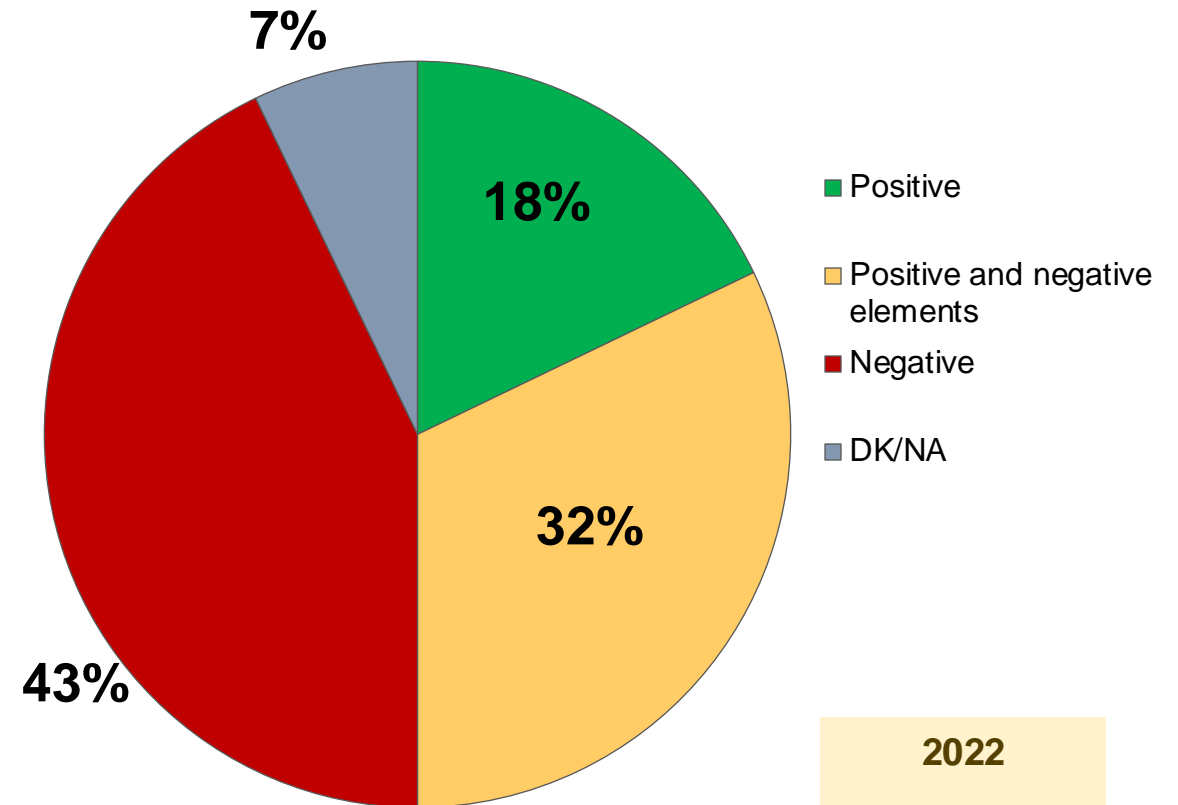
The results are somewhat more positive than those of 2022.

We asked about the perception that Australian companies have, in general, of the Spanish market.

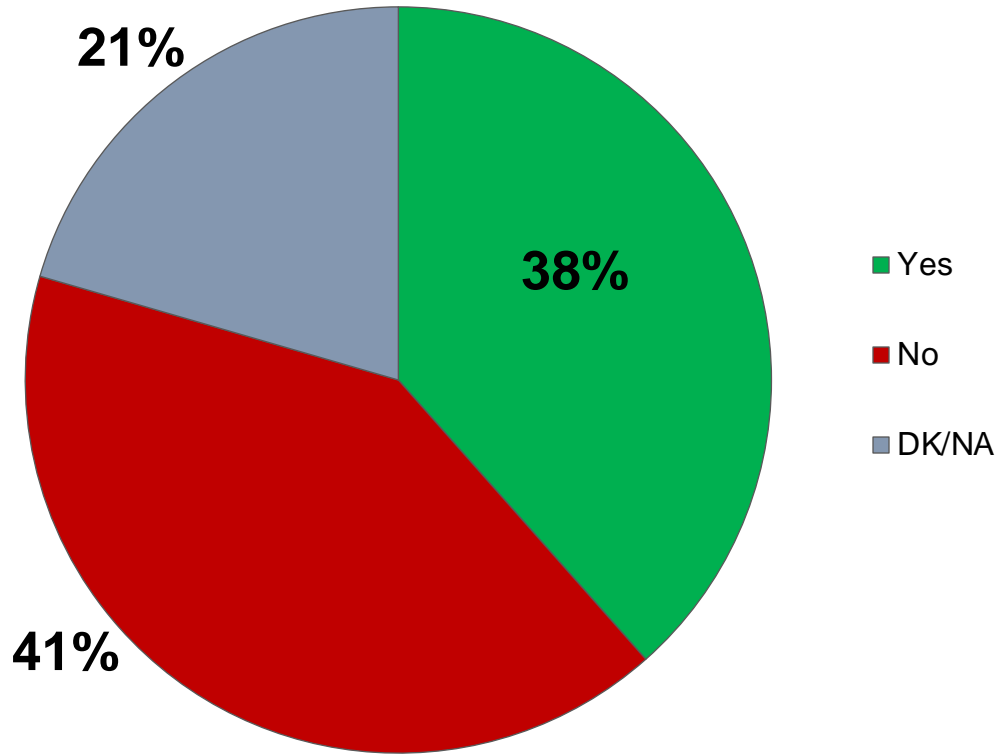
The **positive perception of the Spanish market** is in the minority, with only 18% of those surveyed this year offering a markedly positive view. .

Among the **negative aspects**, respondents highlighted the fact that Spain is a little-known market for Australian companies, with a significant lack of image, especially in comparison with neighbouring European markets: France, Italy, the United Kingdom, or even smaller countries such as the Netherlands.

The results are less positive than in 2022.



Sustainability



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

38% of respondents indicated that they had a sustainability strategy, 41% did not.

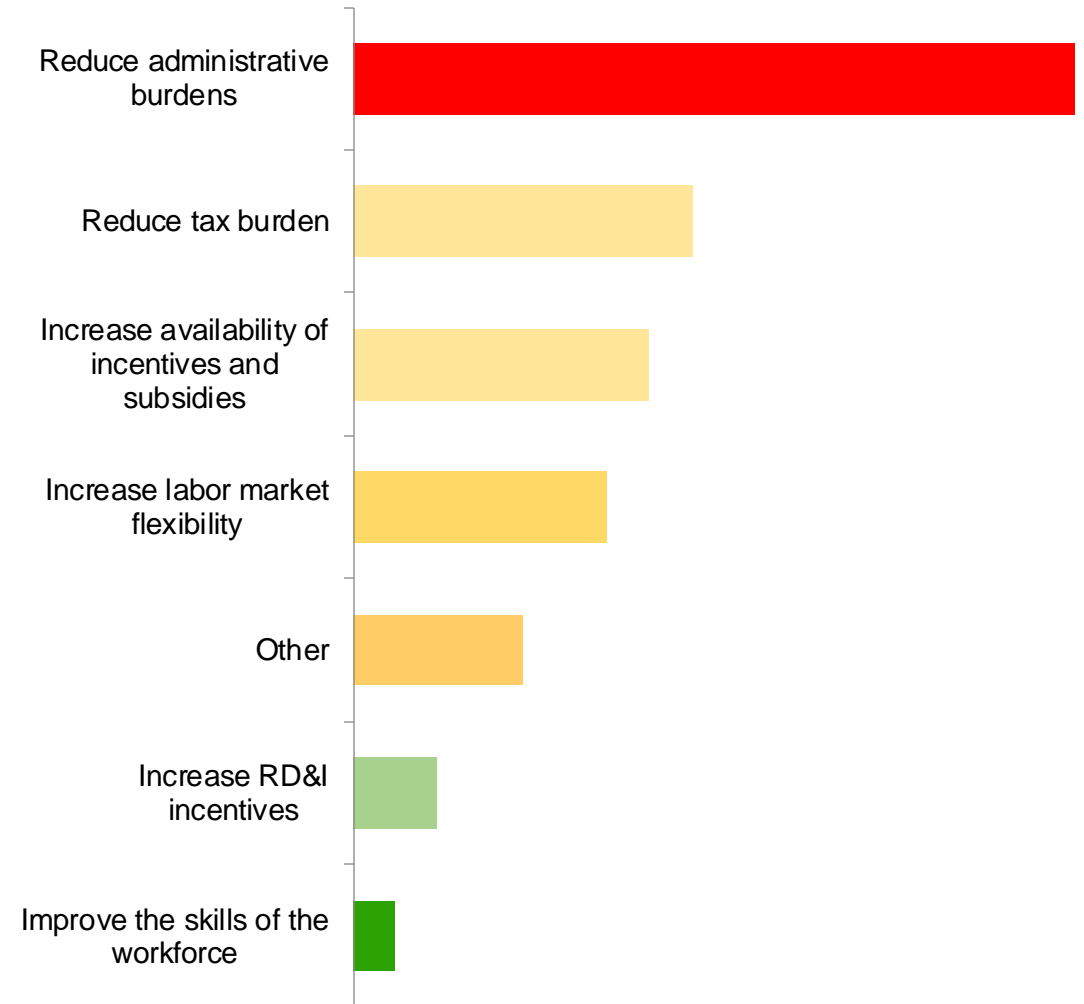
This suggests that sustainability factors are not yet key factors to consider for entry into the Spanish market for many Australian companies.

Assessment of reforms

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

Reducing administrative and fiscal burdens would be the most valued reforms.

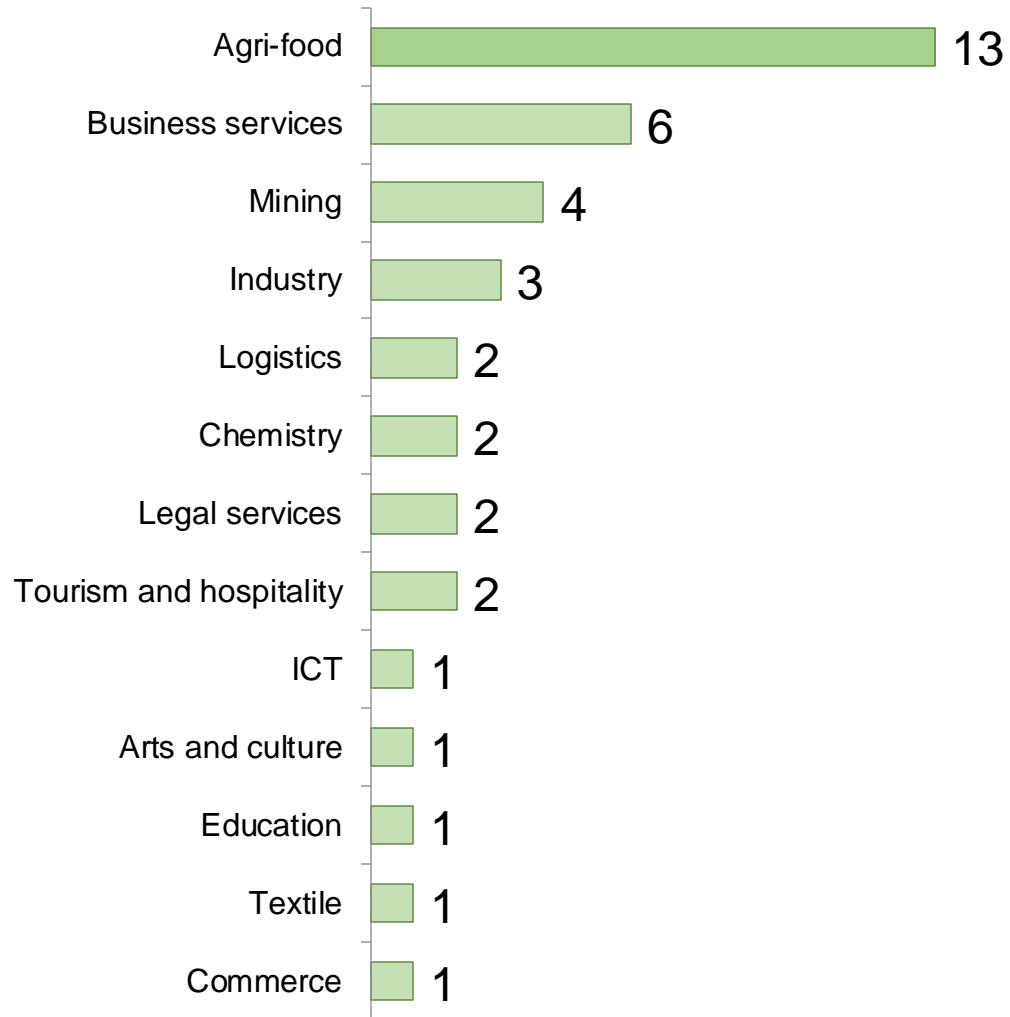
On the other hand, reforms to improve the skills of workers or to provide more incentives for RD&I are not seen as a priority by respondents.



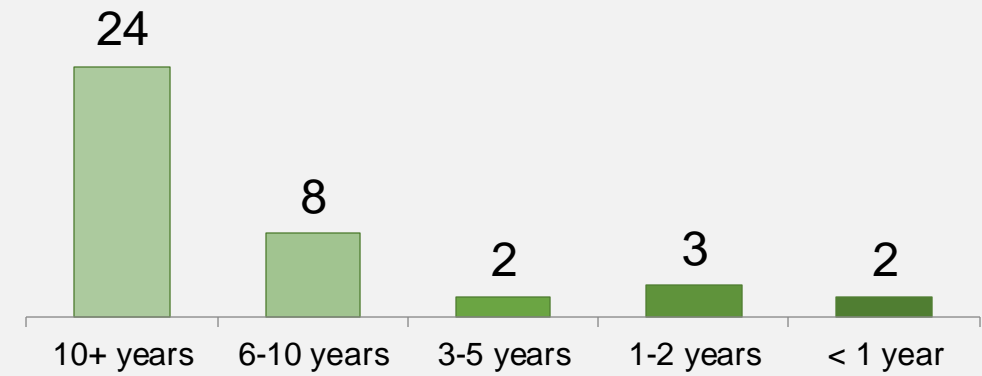
The reforms are ordered by number of responses.

Samples

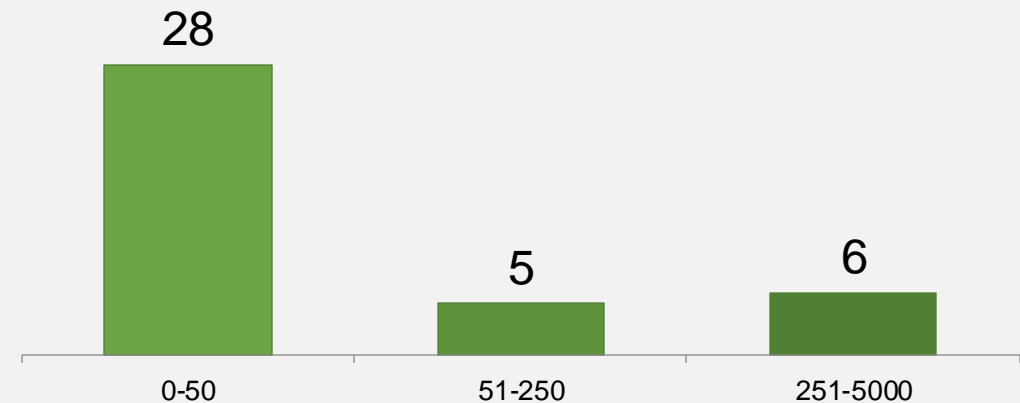
Sectors of companies surveyed



Years of presence in Spain



Global size (employees)



Methodology

Scope

The survey scope includes all Spanish and Australian companies with economic interests in the other market. This is specified as follows:

Exporting companies: Spanish companies selling to the Australian market and Australian companies selling to the Spanish market.

Companies with subsidiaries: Spanish companies with Australian capital, as well as their parent company, and Australian companies with Spanish capital, as well as their parent company. Attempts have been made to survey both the subsidiary and the parent company.

Samples and sources

In order to have the most complete sampling possible, we have identified companies of the desired types from multiple sources:

- Previous experience and personal knowledge of Gedeth Network and the Council Foundation
- ORBIS database
- Directory of exporting companies of the Spanish Chamber of Commerce (directorio.cámaras.org)
- ICEX Directory of Spanish companies established in Australia
- Australian and Spanish industry associations

Conducting the survey

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

No compulsory identification data of the companies or of the respondents was required, in order not to discourage response, 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..

Dissemination

Dissemination was carried out in two phases.

First, an **email** was sent to each contact in the sample, with a link to the survey.

Subsequently, **telephone and in-person** contact was made to ask them to answer the survey, or to collect their responses directly. A telephone campaign was carried out both to contacts in Spain and to contacts in Australia.

Actions and results

Start date	2-8-2024
End date	30-9-2024
Medium	Online form and interviews
Potential respondents contacted	About Spain 202
	About Australia 746
Total number of valid responses	About Spain 39
	About Australia 109