



British Chamber
of **Commerce in Spain**

VII BAROMETER ON THE CLIMATE AND OUTLOOK FOR BRITISH INVESTMENT IN SPAIN

November 2021



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Note: the finding and opinions contained in this Barometer do not necessarily reflect the opinions of the sponsoring firms.

Executive summary

Stock of investment

1. In 2019, the UK was, for the fifth year in a row, Spain's second largest overseas investor. Britain's investment position, measured in terms of its stock of FDI, has therefore continued the ascent embarked on in 2013, reaching a record level of €64.43 billion in 2019 (up €5 billion from 2018), which is 14% of total foreign direct investment in Spain.
2. British investment is particularly concentrated in the telecommunications, energy supply, tobacco, metallurgy and paper industries. It is also worth highlighting the positive trend in sectors related with the real estate market and in the insurance and pension fund sector, in which the stock of British FDI in Spain increased in 2019.

Investment flows

3. Since the start of the series in 1993, the UK has been the source of the highest volumes of FDI flows in Spain: €84.62 billion, which is 17.8% of total FDI inflows to Spain over that timeframe, albeit down somewhat percentage-wise from the last edition of the Barometer (18.1%), due to the strong growth in investment from the US.
4. The volume of inward FDI from the UK has gone from being the sixth highest for Spain in 2015 to the third highest so far this year (figures to June 2021).
5. During the 20 quarters elapsing since the Brexit referendum (between the third quarter of 2016 and the second quarter of 2021, both included), flows of British investment into Spain have summed to over €17.84 billion, which is 12.8% of all inward FDI flows to Spain during that timeframe.
6. British FDI in Spain continues to be primarily productive in nature, i.e., not articulated through foreign security holding companies (ETVEs for their acronym in Spanish) and divestments have been and remain scant.
7. British investment in Spain is well diversified between services, industry and construction, albeit dominated by the services sector. The sectors that have garnered the highest volumes of flows since the start of the series are: telecommunications; wholesale trade; financial services; air transport; real estate activities; electricity supply; and chemicals. The data for 2020 and 2021, which coincides with the health crisis, evidence the robustness of British investment in the food and energy supply sectors.
8. Since 2014, British FDI has been concentrated in four Spanish regions: Madrid, Catalonia, the Basque region and Castile & Leon, albeit exhibiting greater diversity in recent years, with Andalusia, Valencia and the Balearics closing the gap with respect to the leading recipients.

**Business
climate**

9. The assessment of the business climate in Spain provided by the British firms surveyed improved in 2021 by comparison with 2020, which was indelibly marked by the Covid-19 pandemic. Now, two out of every three respondents describe the business climate in Spain as 'good' or 'acceptable', an opinion shared by just 27% of the firms polled last year.
10. The improvement observed this year is widespread across all areas of the assessment, with every attribute scoring more than 2.5 out of 5. Spain's top strength is, once again this year, its high quality of life, whereas perceived political risk is once again the word-rated attribute.

**Outlook
(economy and
investments)**

11. Forty-six per cent of the British firms participating in this year's edition of the Barometer plan to increase their investments in Spain in 2021, and 76% expect to do so in 2022, aligning their investment plans with their upbeat outlook for the Spanish economy.
12. Despite the high volume of funds to be received by Spain under the umbrella of the Next Generation EU (NGEU) scheme, barely one-third of the firms surveyed said they planned to participate in the tenders for applying for aid from the European recovery fund.

Brexit

13. Seventy-seven per cent of the British firms operating in Spain providing responses said they had not modified their investments in Spain in the wake of Brexit. That percentage is similar to that gleaned from the last two editions of the Barometer.
14. Eighteen per cent of the respondents have increased their investments in Spain since Brexit, up 13 points from last year, surely evidencing the dissipation of operational uncertainty following entry into effect of the Trade and Cooperation Agreement between the European Union and United Kingdom (TCA). However, one half of the respondents said they expect Brexit to hinder the movement of people and one-third expect to have to bear additional costs.

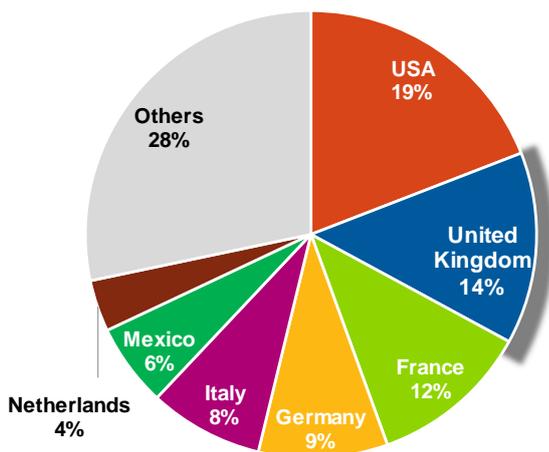
1. Investment position (stock of FDI in Spain) by country

In 2019, the UK was, for the fifth year in a row, Spain’s second largest overseas investor. Britain’s investment position in Spain, measured in terms of its stock of FDI, has continued the ascent embarked on in 2013, reaching a new record level of €64.43 billion in 2019 (up €5 billion from 2018), which is 14% of total foreign direct investment in Spain.

The United Kingdom’s investment position in Spain reached a new record of €64.43 billion in 2019, up almost €5 billion from 2018 (when it amounted to €59.78 billion). That growth meant that the UK’s share of total inward foreign direct investment (FDI) remained flat year-on-year, repeating the 14% attained in 2018. That trend mirrors the solidity of British investments in Spain in a year in which inward investment from other core markets, such as France, Germany and Italy, slowed.

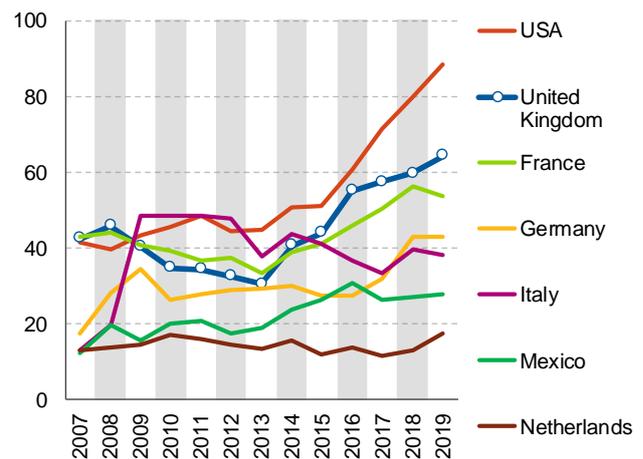
Note with respect to last year’s Barometer, the sixth edition, that statistical adjustments have implied a significant reduction in the stock of British FDI in Spain in 2018, from the initially estimated €63.23 billion to €59.78 billion, albeit nevertheless implying growth in Britain’s investment position that year. In short, that position grew further in 2019 to reach a new record, extending the growth embarked on in 2013 and widening the gap with respect to Spain’s third biggest investor: France.

Stock of FDI in Spain in 2019, by country
(UIC criterion, percentage split)



Source: Afi, Secretary of State for Commerce

Long-term trend in the stock of FDI in Spain, by country (UIC criterion | € billion)



Source: Afi, Secretary of State for Commerce

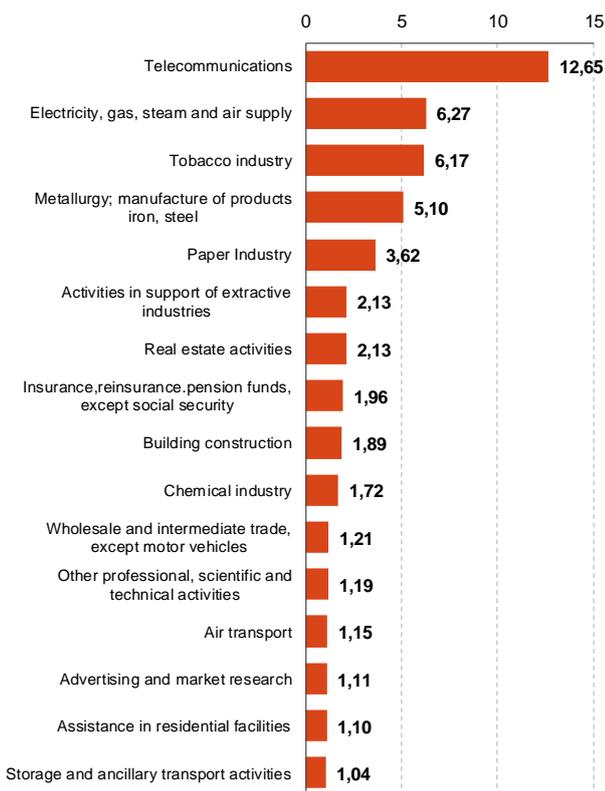
2. Stock of British FDI in Spain by sector

The stock of British FDI in Spain is concentrated in the telecommunications, energy supply, tobacco, metallurgy and paper industries

The stock of British FDI in Spain as of 2019 was concentrated primarily in the following sectors: telecommunications (€12.65 billion); energy supply (€6.27 billion); tobacco (€6.17 billion, which represents 98.1% of all FDI in the sector); the manufacture of basic steel, iron and iron alloy products (€5.1 billion, accounting for 93.1% of all FDI in the sector); and paper (€3.62 billion).

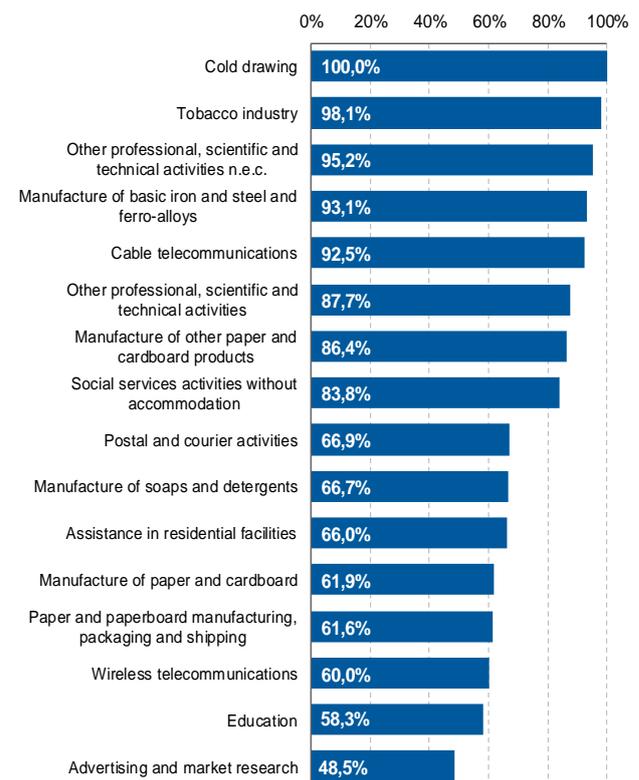
As for the relative importance of Britain’s investment position, its investments in the cold drawing, tobacco, basic iron and steel product manufacturing and wired telecommunications sectors stand out. In all of those sectors, the stock of British investments accounts for at least 90% of total FDI in that sector. Others in which British investment exceeds 80% of the total include the manufacture of other articles of paper and paperboard and social work activities with accommodation. It is also worth highlighting the UK’s investment presence in the education sector, where it accounts for over half of all of Spain’s inward FDI.

Stock of British investment in Spain by sector in 2019 (€ billion | excluding investments channelled via ETVEs)



Source: Afi, Secretary of State for Commerce

Stock of British FDI in Spain as a percentage of total sector FDI (excluding investments channelled via ETVEs)

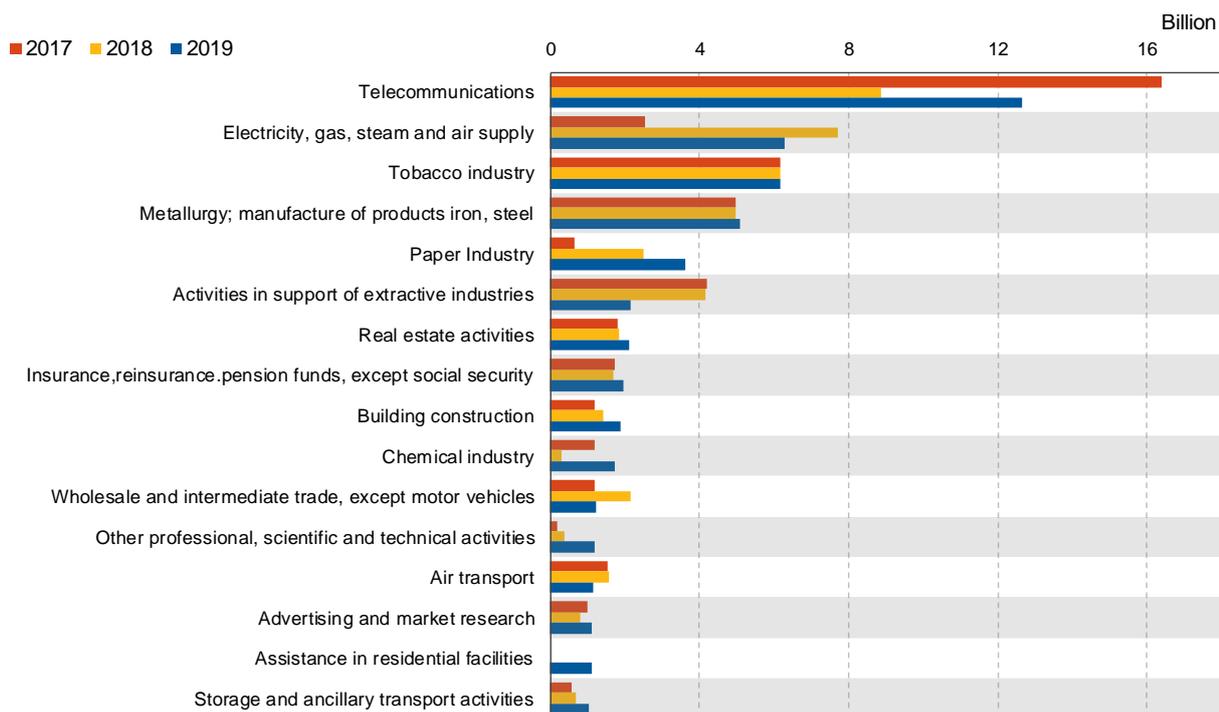


Source: Afi, Secretary of State for Commerce

British investment has been particularly steady in the telecommunications, tobacco and metallurgy sectors, where it has been virtually unchanged for the past three years. It is worth singling out the spike in UK investment in the energy supply sector, in which the UK's investment position doubled between 2017 and 2019, and in the paper industry, in which it increased four-fold.

Lastly, the sectors related with the real estate market and with insurance and pension funds have not only seen their stock of British investment hold steady in recent years, that position actually increased in 2019, evidencing the robustness of British investment in Spain and its sector diversification.

Stock of British FDI in Spain by sector, 2017, 2018 and 2019
(excluding investments channelled through ETVEs | € billion)



Source: Afi, Secretary of State for Commerce

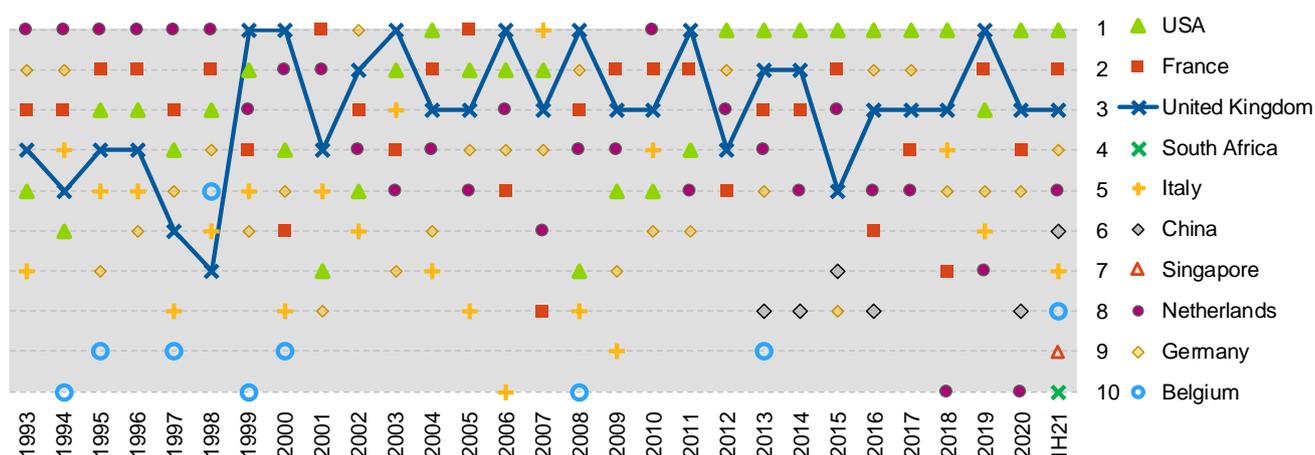
3. Cumulative flows to 2Q21

The UK accounts for the largest cumulative flow of FDI since the start of the historical series (1993). Flows of British FDI have been on the rise since 2015, despite the Brexit referendum and subsequent exit from the EU and the Covid-19 health crisis. The volume of inward FDI from the UK has gone from being the sixth highest for Spain in 2015 to the third highest so far this year. Despite entry into effect of the TCA, British FDI flows have shown no signs of flagging, although it is still soon to quantify the potential impact of this new regulatory framework.

On a cumulative basis, over the course of the period for which the data are available (from 1993 to the end of the first half of 2021), Spain has received over €84.62 billion of British FDI (gross investment, excluding transactions channelled through foreign security holding companies, or ETVEs for their acronym in Spanish), which is 17.8% of all inward FDI received by Spain during that timeframe. The UK has channelled the highest volume of flows of investment to Spain by a wide margin (€84.62 billion, far from the €66.31 billion invested by the US during the same period), evidencing British businesses' interest in establishing a presence in the Spanish market with a view to doing business over the medium and long term. What this seventh edition of the Barometer tells us is that the cumulative flows of British FDI into Spain have increased by over €4.6 billion, underscoring the strength and commitment of British investments in Spain, notwithstanding the health crisis and entry into effect of the Trade and Cooperation Agreement (TCA) on 1 January 2021.

Year after year, since 2003, the UK has consistently ranked among the top six investors in Spain (in gross terms) and has ranked first seven out of the last 24 years (in 1999, 2000, 2003, 2006, 2008, 2011 and 2009). The volume of inward FDI from the UK has gone from being the sixth highest for Spain in 2015 to the third highest so far this year (1H21).

Ranking of FDI flows received by Spain, by country and year
(excluding investments channelled through ETVEs)



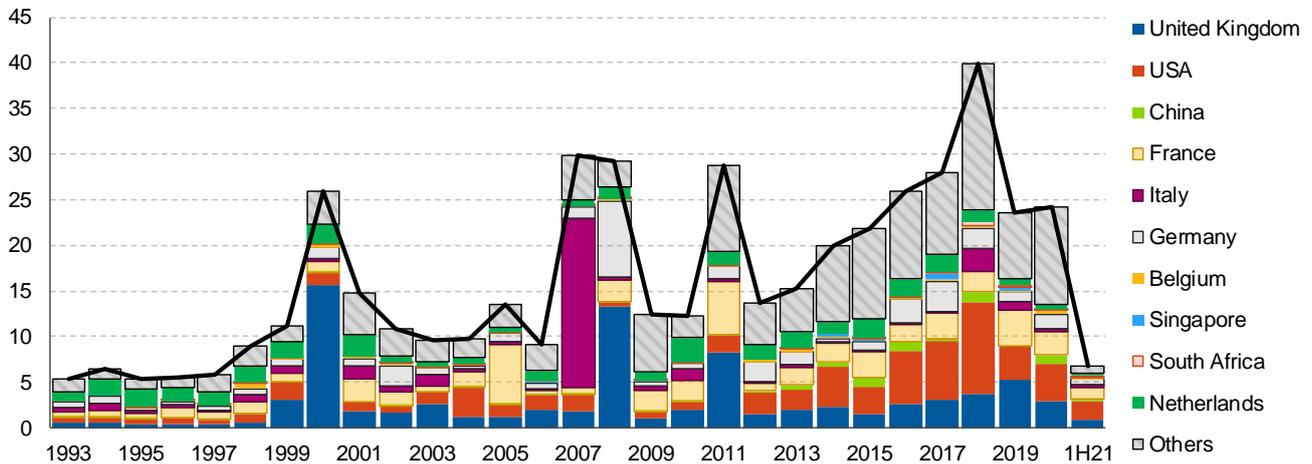
Source: Afi, Secretary of State for Commerce

During the 20 quarters elapsing since the Brexit referendum (between the third quarter of 2016 and the second quarter of 2021, both included), flows of British investment into Spain have summed to over €17.84 billion, which is 12.8% of all inward FDI flows to Spain during that timeframe. In the first half of 2021, the UK has invested a total of €895 million in Spain, down 34% year-on-year. That decline may be attributable to the impact of the health crisis on investment, a macroeconomic variable that is highly sensitive to uncertainty, or the entry into effect of the new regulatory framework governing trade in goods and services between the UK and EU, which may have weighed, indirectly, on the investment decisions of the British firms doing business in Europe in general, and not only in Spain. However, it

is still too early to quantify the impact of the TCA on investment, for which we need to wait to see the full 2021 picture emerge.

Nevertheless, so far this year, the UK remains Spain's third-highest investor, behind the US (which is gradually climbing the ranks of direct overseas investors in Spain) and France.

Annual trend in gross FDI flows received by Spain, by country of origin, to 1H21
(€ billion | UIC criterion | excluding ETVEs)



Source: Afi, Secretary of State for Commerce

4. Nature of British FDI flows into Spain

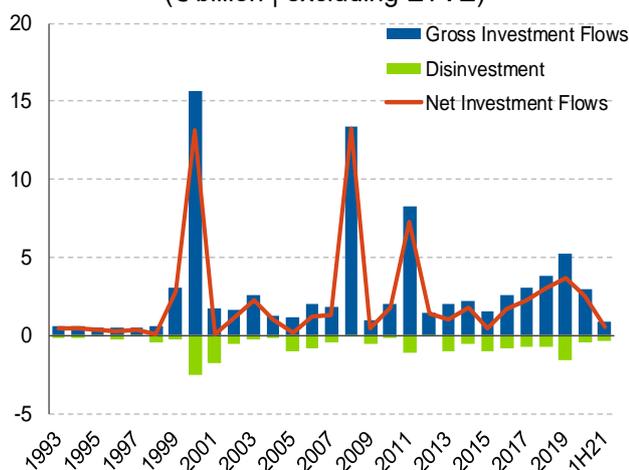
British FDI in Spain continues to be primarily productive in nature, i.e., not articulated through foreign security holding companies (ETVEs for their acronym in Spanish) and divestments have been and remain scant.

British investment in Spain is predominantly productive, as is evidenced by the fact that it is not generally articulated through foreign security holding companies (i.e., entities that benefit from a special tax regime that exonerates them from paying tax on the dividends or capital gains obtained from holding shares or shareholdings in foreign companies). Since 1993, British FDI flows to Spain through such entities account for just 9% of the total, despite rising notably in 2017 (over €5.09 billion in 2017, compared to an annual average of €343 million).

Another characteristic trait of British investment in Spain is the scarcity of divestments throughout the historical series, leaving net positive investments flow and explaining the systematic increase in the stock of British FDI in Spain. Net British FDI has been in positive territory since 1998. British disposals have only come close to gross investment volumes in two years (2001 and 2005). Inflows of British FDI rose sharply in 2000, 2008 and 2011 related with one-off transactions in the telecommunications (2000), wholesale trade (2008), air transport and financial services sectors (2011). Those years, the UK accounted for 60%, 45% and 31% of total gross FDI in Spain, respectively, demonstrating that the years that Spain attracted the highest volumes of FDI were also characterised by significant inflows from the UK.

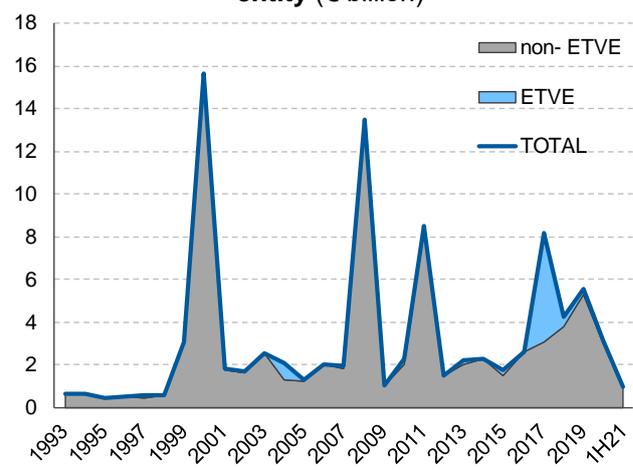
So far, with data in hand up until 2Q21 (inclusive), there are no signs that Brexit has triggered major divestments. It is true, however, that between 2017 and 2019, some of the disposals observed were related with the increase in political uncertainty as our prior surveys revealed that the firms were very concerned about that aspect, suggesting that the withdrawal trend could continue. However, the 2020 and 1H21 figures show that those divestments have returned to low levels, even dipping below the thresholds observed prior to 2015. Indeed, in the first half of 2021, disposals hit a low for the past six years.

Flows of British FDI into Spain to 2Q21
(€ billion | excluding ETVE)



Source: Afi, Secretary of State for Commerce

Flows of British FDI into Spain to 2Q21, by type of entity (€ billion)



Source: Afi, Secretary of State for Commerce

Note, lastly, that the difference between ultimate investing country and immediate country investments in the case of the UK is generally very small throughout the historical series, which means that the inflow is really coming from the UK and that the country is not being used as a 'gateway'.

5. Spanish FDI flows by sector

British investment in Spain is well diversified between services, industry and construction, albeit dominated by the services sector. The sectors that have garnered the highest volumes of flows since the start of the series are: telecommunications; wholesale trade; financial services; air transport; real estate activities; electricity supply; and chemicals. The data for 2020 and 2021, which coincides with the health crisis, evidence the robustness of British investment in the food and energy supply sectors.

British FDI in Spain is highly diversified, with as many as 20 sectors receiving investment flows every year in the series (i.e., the 29 years elapsing since 1993). It is also worth highlighting up-and-coming sectors with a less remarkable long-term track record: (i) the paper industry, which in 2019 received €1.65 billion and in 2020 received €426 million; (ii) the education sector, which in 2019 received €682 million; and (iii) the chemicals industry, which garnered €647 million in 2019 and €178 million in 2020. The food sector has also received a steady flow of sizeable investments in the past four years, peaking at €388 million in 2020, a year which was positively influenced by the health crisis. So far in 2021, we are seeing flows drop across numerous sectors, although the data in question remain provisional.

The sectors that have received the highest flows of British investment every year in the series are the following: telecommunications; wholesale trade; financial services; manufacture of food products; advertising and market research; retail trade; construction of buildings; accommodation services; and travel agency and tour operator activities.

Gross flows of British FDI to Spain by sector since the start of the series (1993)

(€ million | immediate country criterion | excluding ETVEs | the vertical ordering corresponds to the total volume of flows | the colour scale reflects the volume of annual FDI flows)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	1H21	
Telecommunications	0.4	12.4	0.3	0.0	90.4	17.0	97.2	13,540	602	766	2,022	12.3	43.7	995	26.8	4.8	1.8	0.0	580.7	185.2	3.6	287.6	20.7	20.1	235.9	485	109.4	727.5	0.0	
Wholesale trade	72.8	81.1	75.1	61.1	57.9	31.7	21.7	68.5	28.1	31.0	14.6	17.6	12.5	18.7	29.3	12,640	192.7	25.8	45.6	15.3	26.2	8.9	588.7	93.8	49.6	55.4	238.6	47.9	26.1	
Financial services (insurance and pension funds)	62.6	14.6	4.4	11.4	3.3	8.9	10.8	462.5	0.8	0.8	3.8	49.6	229.0	37.7	546	12.1	44.9	16.3	2,396	132.4	263.2	9.9	100.5	19.6	11.5	122.4	27.4	195.8	35.9	
Air transport					0.0			272.5				14.4		10.1	0.0	0.0			3,927.2	0.1	106.3		27.5		38	24.4		0.2		
Real estate activities	5.3	12.7	6.8	32.2	13.4	16.0	19.1	34.9	39	41.8	25.5	86.1	41.2	41.4	63.7	27.9	37.2	465.2	113.9	39.7	70.8	498.6	242.0	157.0	458.1	81.9	162.9	203.6	99.9	
Electricity, gas, steam and air supply	0.4		8.2	7.7	8.5	0.0	585.2	0.4	8.9	0.0	1.8	65.5	0.0	1.0	1.7	2.5	0.9	13	198.4	11.5	140.8	109.7	0.0	16.7	29.2	800.0	81	258	221	
Chemical industry	6.7	20.2	4.1	21.3	3.0	85.1	731	12.4	3.3	43.8	5.0	4.0	90.4	21.2	41.8	0.3	2.0	68.0	83.0	18.1	0	267.0	10.0	10.0	0.5	3.7	646.9	178.7		
Paper industry	5.2	0.0	0.1				54.8	0.2	0.0			0.0		0.0				0.0		172.8	0		34.4	9.8	1.7		1,648	426.0	20.0	
Activities auxiliary to financial services	35.1	84.4	119.4	0.3	24.7	1.3	4.0	328.5	774.1	48.5	42.7	0.3	7.7	0.1	5.5	19.8	3.9	5.9	8	24.0	41.0	236.3	9.0	89.0	26.6	5.2	23.0	141.4	0.0	
Food industry	36.7	3.5	2.5	2.1	21.5	4.2	0.5	3.6	1.8	0.6	98.8	99.8	51.2	6.8	0.0	7.3	107.7	290.9	560.4	50.0	0.0	2.8	0.0	0.4	7.6	103.7	0.0	388.8	129.9	
Advertising and market research	0.6	0.7	9.2	6.8	2.9	0.0	6.4	4.3	4.0	32.4	17.9	10.6	7.8	304.0	6.7	3.4	0.0	678.3	0.6	9.2	10.0	10	0.0	6.6	6.9	32.5	702.3	64.3	0.0	
Sports, recreational and entertainment activities.	5.4	31.1	13.4	0.2	1.1	4.6	9.1	17.3	25.0	12.6	9.7	39.0	83.9	4.9	9.1	0.6	97.4	4.1	41.3	126.9	940.1	3.6	43.8	4.6	0.2	1.1	3.5	0.4	1.1	
Retail trade	3.3	20.0	6.5	33.5	29.7	6.0	36.2	98.2	1.4	20.2	2.1	483.1	20.3	26.5	79.6	42.2	2.0	13.1	20.6	67.4	0.2	0.1	8.2	72.5	403.2	8.0	11.7	4.5	9.0	
Inland and Pipeline Transportation	7.9	0.5	16.2	2.3	3.6	1.5	46.7	0.0	18.1	1.8	11.6	0.0	2.3	1.5	319.8	0.1	0.0	3.6	8.0	0.1	0.0	8.8	0.1	119.7	635.3	249.5	1.7	0.5		
Building construction	13.2	7.0	8.8	10.1	17.1	40.3	31.8	17.9	34.9	48.0	63.2	42.3	45.8	44.7	49.0	38.4	8.7	17.6	42.0	36.4	26.5	29.6	115.7	349.8	28.2	57.6	40.4	6.3	94.8	
Headquarters activities and management consultancy	57.7	3.1	1.5	0.2	35.9	9.0	112.1	6.2	2.2	442.3	7.7	45.8	2.6	1.3	77.2	9.6	8.9	0.1	1.7	5.6	5.2	0.1	110.0	4.5	308.8	1.5	4.8	4.0	0.1	
Edition	1.1	89.2	1.3	103.5	0.1	15.2	783.0	5.7	5.9	0.5	0.0	1.2	12.2	0.3	0.4	2.5	12.3	3.5		1.7	154.2	0.2	2.3	18.5	40.1	2.7	0.0	4.7	0.0	
Storage and activities adjacent to transport	9.5	13.7	16.7	33.3	3.7	3.1	36.8	12.4	3.8	0.4	0.7	0.1	0.1	8.0	8.9	0.1	363.5	0.0	0.1	0.0	16.7	512.9	0.1	40.1	0.0	0.0	50.0	62.4	0.0	
Insurance, reinsurance, pension funds	70.2	29.5	80.0	51.7	73.0	72.7	46.0	153.5	0.3	10.1	0.0	6.5	1.9	0.0	18.4	128.0	0.0	0.0	0.0						227.0	0.0	0.0		0.0	
Manufacture of other transport equipment	1.1			0.0	0.0	1.6	0.0		18.2		3.5	14.2	8.5	13.1	10.4	0.0		0.0	0.0			0.0		717.8		100.2	0.0			
Education	0.0	0.0	0.0	0.1	0.1	0.3	0.0	0.1	2.7	2.9	17.2	0.7	0.1	0.0	0.1	2.2	1.3	0.0	0.0	0.5	0.0	13.1	5.1	0.3	4.9	0.0	682.7	2.8	0.1	
Legal and accounting activities	1.8	3.0	0.9	0.2	0.1	18.1	3	2.5	0.4	0.6	1.2	1.7	332.4	9.4	16.5	102.6	2.6	0.0	22.1	0.0	0.0	2.9	0.4	98.0	12.5	12	27.9	32.4	0.0	
Accommodation services	11.2	2.3	12.6	1.7	2.2	14.4	164.4	103.1	20.2	18.2	16.3	21.3	3.7	1.5	107.2	1.1	23.3	2.5	8.8	16.3	4.2	19.4	34.8	16.1	26	1.4	25.3	15.8	0.1	
Civil Engineering	0.0						0.0			0.4				0.0					4.9	0.0	6.7		0.0	145.9	262.0	188.5	0.0	0.0		
Programming, consulting, etc.	0.8	0.3	0.2	1.9	1.2	49.3	14.8	80.8	15.3	3.6	4.5	40.1	4.5	1.4	19.5	30.7	9.3	0.0	5.6	1.1	4.4	3.8	3.0	9.7	16.0	10.7	14.3	74.8	27.3	
Services to buildings and gardening activities	0.1	0.6	1.4	0.0			0.0	0.0	0.0	0.1	43.2	1.7	0.0	2.2	0.0	0.0		0.1	0.0		0.0		20.0	0.0	0.0	268.4	195.0			
Manufacture of pharmaceutical products	9.0	4.1	11.0	0.0	4.1	4.2		2.2	10.0	0.0	0.0			114.4	8.1	1.1			9.2	243.0		0.0	34.2	0.1	6.1	0.5		1.6	12.0	
Health activities	5.1	0.0		0.1	0.2	0.5		0.1	9.0	0.0	0.4	0.0	10.9	0.0	8.9	58.1	3.9	0.2	0.0	208.5	15.3	0.0	0.1	25.2	16.4	50.3	2.8	31.4	0.1	
Cinematographic, video and tv programme activities	0.0	0.0	0.1	0.0		0.0	3.2	0.0	0.0	0.0	6.0	0.0	0.0	52.8	14.5	60.5	0.0	0.0	0.0		4.7	0.0	29.8	2.2	1.7	232	0.0	11.2	0.0	
Manufacture of fabricated metal products	0.5	1.2	2.1	4.0	1.5	12.3	143.9	58.5	13.4	4.8	0.8	0.4	33.5	120.9		0.0	0.2			0.0		0.2	0.9		9.0			0.0		
Workshop administrative activities	0.7	0.1	0.1	0.5	1.7	0.4	0.3	1.1	0.2	16.1	2.9	2.9	1.3	12.8	239.7	54.2	1.1	0.5	6.5	9.2	3.6	11.1	1.0	5.8	1.5	7.0	13.9	5.0	0.6	
Manufacture of other non-metallic mineral products	20.0	2.1	5.8	3.7	3.4	0.1	0.6		0.7	29.9	0.3	0.0	15.7	55.4	14.0			169.3				2.5		0.0		1.1	56.9	1.7	0.5	9.4
Activities of travel agencies, tour operator reservations	1.4	0.1	0.1	0.1	0.1	4.6	0.4	54.3	18.3	0.2	0.3	0.3	0.7	0.0	0.2	21.2	13.8	3.8	25.4	0.0	0.4	0.1	0.7	229.7	1.4	0.0	6	0	0	
Food and beverage services	23.2	0.1	0.0	5.8	1.8	35.3	1.0	2.4	0.2	4.6	16.0	0.6	17.3	0.8	27.7	2.1	5.4	0.5	2	2.2	0.2	9.3	1.6	120.5	13.3	69.1	4	3	0	
Other professional, scientific and technical activities	0.4	1.2	0.5	0.7	2.8	18.5	5.0	27.7	0.4	0.6	0.1	0.3	0.3	1.1	1.4	2.4	5.3	3.1	2.0	0.2	1.0	41.6	1.1	0.9	39.2	36.4	159	6	1	

Source: Afi, Secretary of State for Commerce

6. British FDI flows to Spain since the Brexit referendum and effectiveness of the TCA.

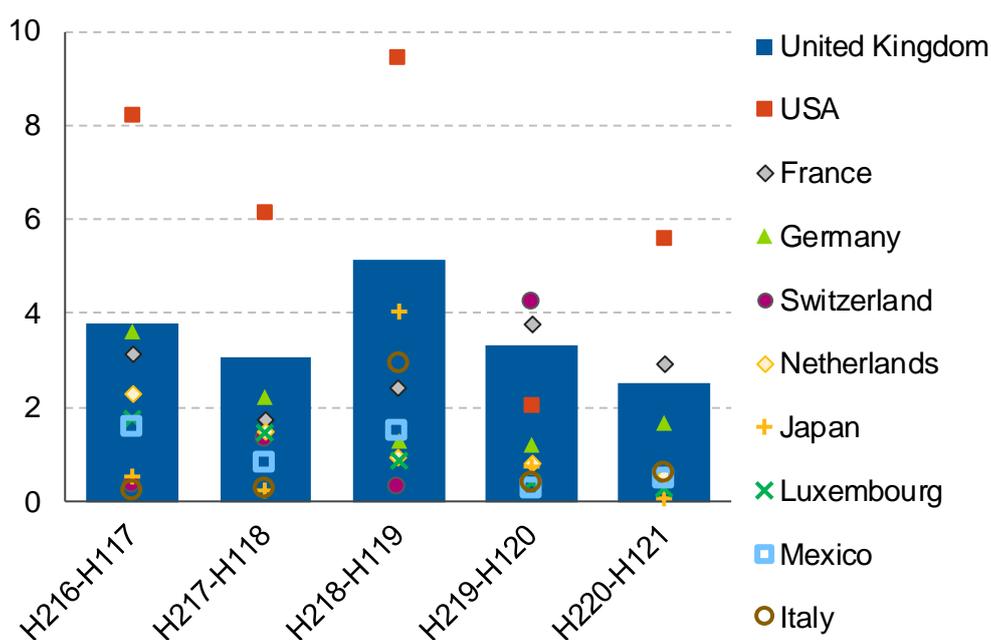
Despite the uncertainty generated by Brexit and the entry into effect of the TCA, Spain has continued to welcome a steady and sizeable flow of British FDI, specifically more than €2.5 billion during the last four quarters. The UK has remained one of Spain's most important investors during the last 12 quarters elapsing since the Brexit referendum.

Entry into effect of the new regulatory framework governing trade relations between the UK and EU would not appear, so far, to be affecting the close investment relationship between Britain and Spain, even though it is still too soon to be able to quantify the potential impact, for which we will have to wait for the full 2021 picture to emerge. In addition, the UK stands out as one of the biggest issuers of FDI flows to Spain (€2.5 billion) during the last four quarters (2H20-1H21).

In the five years elapsing since the Brexit referendum, British flows of investment to Spain have remained at their usual levels. During the period elapsing between 3Q16 and 2Q21, flows of British FDI, excluding ETVEs, amounted to €17.84 billion, averaging €3.57 billion in each four-quarter period, which is higher than the long-run annual average of €2.92 billion of British FDI into Spain.

Main sources of FDI flows to Spain since the Brexit referendum

(excluding ETVEs | € billion | rolling four-quarter sum 3Q-2Q)

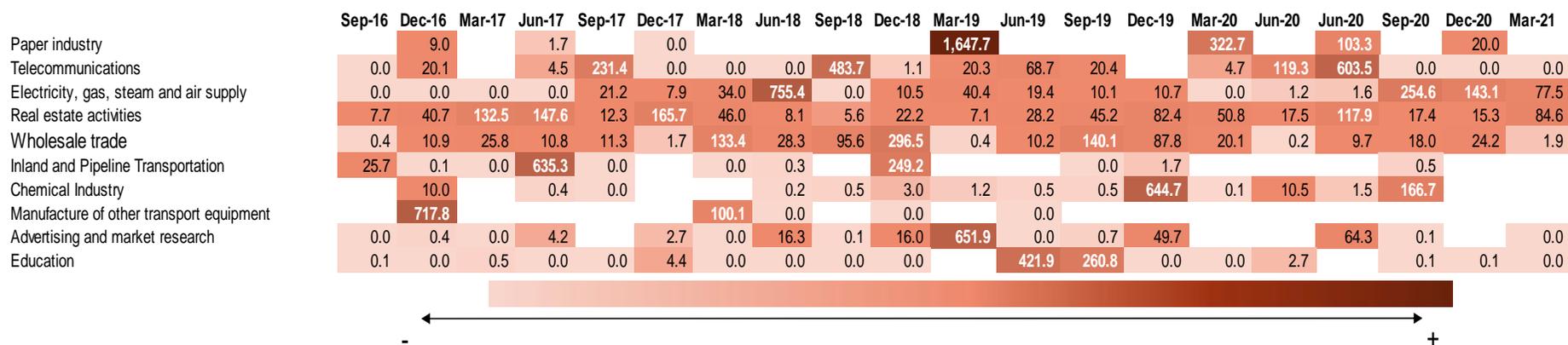


Source: Afi, Secretary of State for Commerce

And if we look at the sector trends, nor do we see any major new patterns emerging in the wake of the Brexit referendum that would suggest that British investor appetite for the Spanish market has deteriorated since the UK's withdrawal from the European Union. Despite the advent of the TCA and health crisis, the wholesale trade and real estate sectors have continued to receive a steady and sizeable flow of British investment, as have the telecommunications and energy supply sectors. We will have to wait until the figures for all of 2021 are available to properly assess whether the entry into effect of the new framework governing trade in goods and services is affecting flows of British investment into Spain.

Gross flows of British FDI to Spain, by sector, since the Brexit referendum

(€ million | immediate country criterion | excluding ETVEs | the vertical ordering corresponds to the number of quarters receiving investment flows | while the colour scale reflects the volume of quarterly FDI flows)



Source: Afi, Secretary of State for Commerce

7. Flows by Spanish region

Since 2014, British FDI has been concentrated in four Spanish regions: Madrid, Catalonia, the Basque region and Castile & Leon, albeit exhibiting greater diversity in recent years, with Andalusia, Valencia and the Balearics closing the gap with respect to the leading recipients.

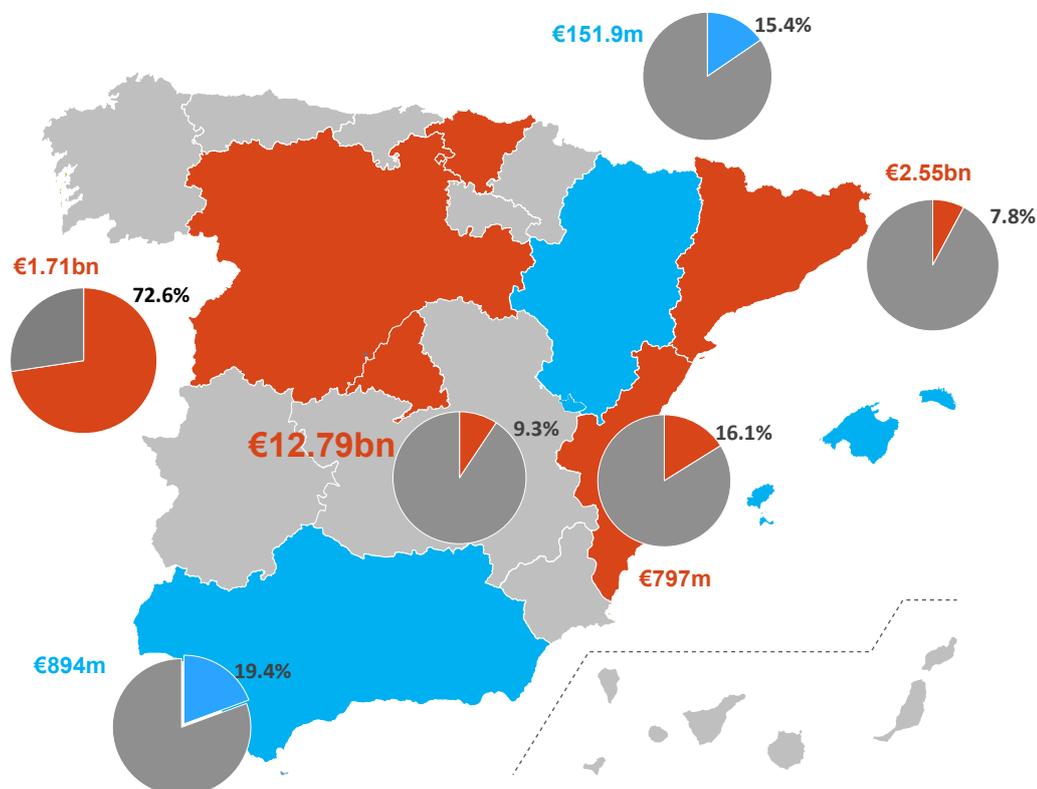
Cumulative flows of British FDI between 2014-1H21 are concentrated mainly in Madrid, Catalonia, the Basque region and Castile & Leon. Those four regions, coupled with Valencia and Andalusia, have garnered the majority of overall FDI flows into Spain. In the last year it is Andalusia, however, that stands out, doubling the volume of flows received in just one year. Last year's edition of the Barometer showed that the region had received a total of €412 million between 2014 and 1H20, a figure that, judging by the latest available figures (2014 - 1H21), has risen sharply to €893.8 million in the past year. Moreover, Britain's share of the region's inward FDI increased by 7.4 percentage points, from 12% to 19.4% of the total received.

As a percentage of the total, British investment is very significant in Castile & Leon, where it accounts for over 72% of the total received, albeit down slightly from last year's edition of the Barometer (close to 75%). British FDI is, however, characterised by its regional diversification, as UK investments top 15% of all flows received in seven Spanish regions: Balearics (28.5%); Basque region (20.4%); Murcia (20%); Andalusia (19.4%); Valencia (16.1%); Aragon (15.4%) and La Rioja (15.4%).

So far in 2021, health crisis notwithstanding, British investment remains very solid in Madrid, increasing by nearly €500 million for a total of €12.79 billion since 2014. It is also worth highlighting the growth in investment in Andalusia, where flows of British FDI amounted to €139 million in 1H21.

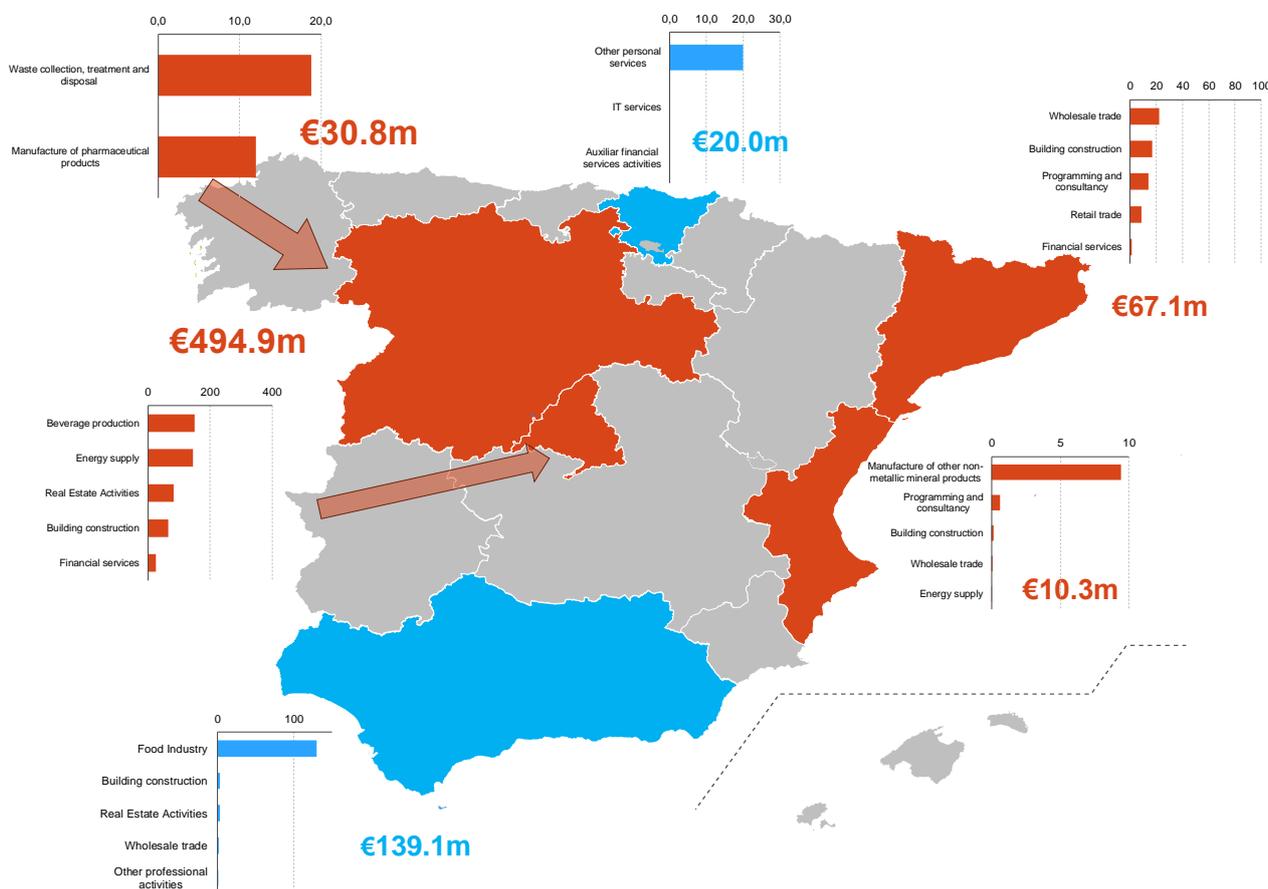
Key destinations for British FDI during period of economic recovery (2014-1H21)

(Gross flows in € billion | % of total flows)



By sector, British investment was highly diversified in 1H21. It is worth highlighting, above all, the investment thrust in the food industry in Andalusia, the inflows received by the beverage manufacturing, energy supply and real estate activity sectors in Madrid and the investments in the wholesale trade and building construction sectors in Catalonia.

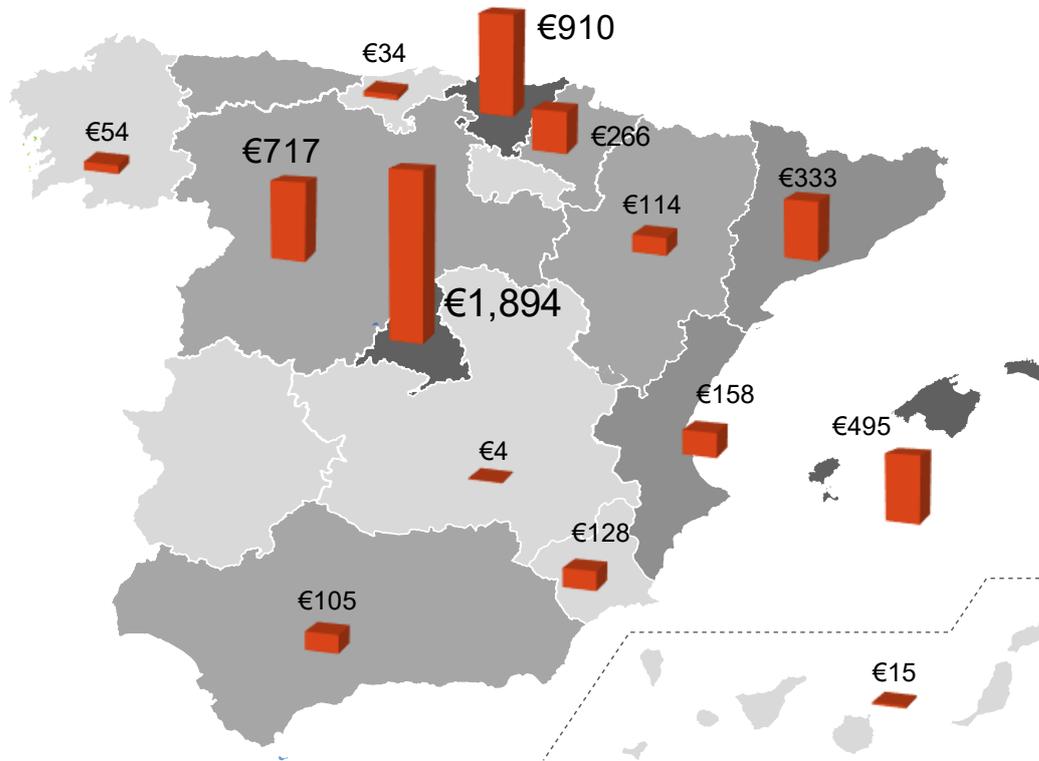
Flows of British FDI by region and sector YTD (1H21)
(€ million)



Source: Afi, Secretary of State for Commerce

Lastly, British FDI flows per capita between 2014 and 1H21 have remained particularly high in Madrid, at €1,894 (€1,581 in 2014-1H20), evidencing a degree of bias shaped by the capital city's 'headquarters effect'. The Basque region also stands out, at €910 per capita (€855 in 2014-1H20), as does Castile & Leon, which following the rebound in British investment received between 2019 and 1H20, continues to present a high volume of British FDI per capita of €717 (€700 in 2014-1H20). In addition to those two regions, British FDI flows per capita has reached reasonable levels during the period of economic recovery in the Balearic Islands (€495), Catalonia (€333) and Navarre (€266). Lastly, it is worth highlighting the sharp growth, in per-capita terms, in British investment in Andalusia, which has jumped from €48 in 2014-1H20 to €105 in 2014-1H21.

Gross flows of British FDI accumulated during the recovery period (2014-1H20)
 (€ per capita by region)



Source: Afi, Secretary of State for Commerce

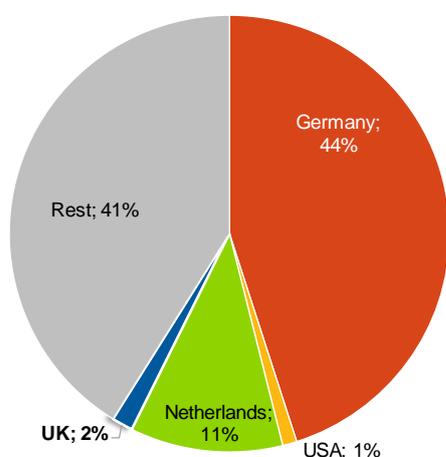
In short, British FDI flows continue to be strongly concentrated in Madrid, drawn by the 'headquarters effect' induced by so many companies being based in the capital city. However, in recent years, British investment has been diversifying across the main Spanish regions, with the recent strong trend in Andalusia and steady track record in the Basque region, Catalonia, Balearics, Valencia and Castile & Leon standing out.

8. British inward FDI into Spain's pharmaceuticals industry

The UK investment position in 2019, in terms of FDI stock, represented 2% of total foreign investment in the Spanish pharmaceutical sector, growing by 201% compared to 2018, when was the 1%. From a historical perspective, the United Kingdom agglutinates 13.1% of the cumulative flow of investment in the period 1993-1H21, being the third country with the highest investment in the sector. So far in 2021, flows have increased by 12,000 million euros, focused on Castilla y León, which has risen one position in the ranking of Autonomous Communities that have received the greatest British investment in the pharmaceutical sector with respect to the VI Barometer. However, the British presence in this sector stands out mainly in the Valencian Community, Castilla y León and Catalonia.

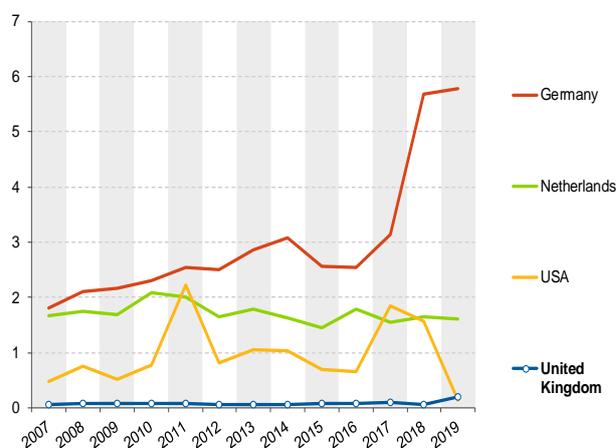
The investment position of the United Kingdom in the sector reached 199 million euros in 2019, growing by 201% compared to 2018 (66 million), and registering the historical maximum, after the statistical revision carried out this year. Despite being a remarkable investment, the share of total FDI in the Spanish pharmaceutical sector in 2019 was 2%, due to the significant participation of Germany as a country of origin of private investment in this sector, in which the large pharmaceutical corporations in Europe are concentrated. However, the British investment position has been growing uninterruptedly since 2013.

Stock of gross FDI in the manufacture of pharmaceutical products by country in 2019
(ultimate investing country criterion, excluding foreign securities holding entities, percentage distribution)



Source: Afi, Secretary of State for Trade

Historical trend in the stock of FDI in the manufacture of pharmaceutical products in Spain by country
(ultimate investing country criterion, EUR billion)



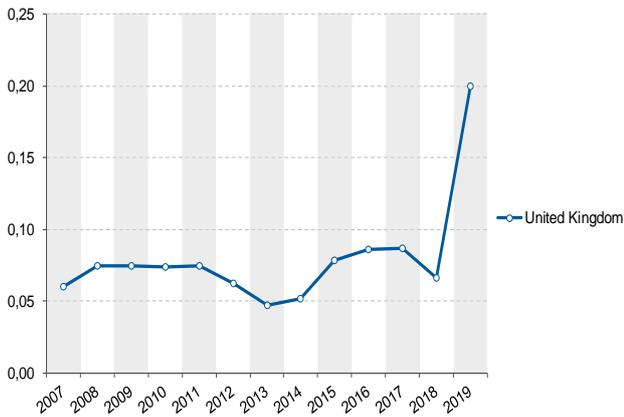
Source: Afi, Secretary of State for Trade

Looking at cumulative flows, over the years for which data is available (1993 to first half of 2020), the Spanish pharmaceutical sector has received more than 474 million euros of British FDI (Gross Investment excluding operations carried out by Foreign Securities Holding Companies), increasing by 14 million euros with respect to the VI Barometer and representing 13.1% of the total FDI flows received in the Spanish pharmaceutical sector in the period. The United Kingdom accumulated the third largest volume of investment flows, behind only Germany and the USA (with 1,016 and 695 million euros, respectively). Also noteworthy is the increase in British FDI flows that occurred in the first half of 2021, which reached the figure of 12,000 million, in an environment of great uncertainty such as the health crisis that is happening, which demonstrates the great resilience of this sector.

The nature of British investment in the Spanish pharmaceuticals industry is predominantly productive, as shown by the fact that most of it is not made through a foreign securities holding entity (that is, it is not carried out through an entity holding foreign securities, companies that benefit from a special tax regime that exempts from tax dividends or capital gains obtained by holding shares or holdings in

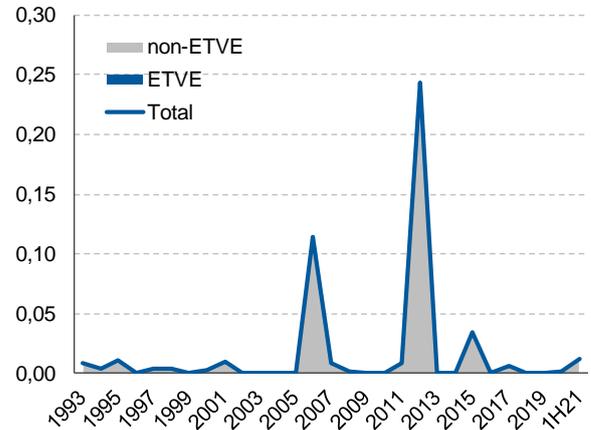
foreign companies). In fact, it is worth mentioning that the share of British investment in the sector attributable to foreign securities holding entities has been zero in most years for which figures are available.

Historical trend in the stock of British FDI in the manufacture of pharmaceutical products in Spain
(ultimate investing country criterion, EUR billion)



Source: Afi, Secretary of State for Trade

British inward FDI into Spain by type of entity to Q221
(EUR billion)

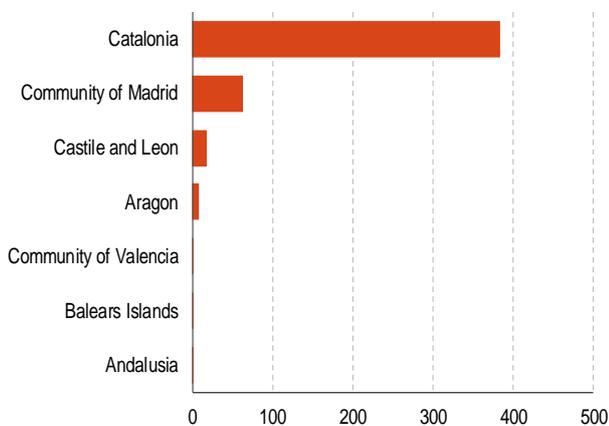


Source: Afi, Secretary of State for Trade

By autonomous region, Catalonia is the Spanish region with the highest accumulated flow of investment in the period 1993-1H21, receiving almost 400 million euros during this period. However, if we analyse the share of British FDI in total investment in the sector by autonomous community, we see that British investment is especially important in the Valencian Community, with 53.6% of the cumulative total for the period, followed by Castile and Leon (27.1%) and Catalonia (16.5%). This reflects the important role played by British investment in this sector. In addition, the large increase in flows received in the first half of 2021 was channelled through Castilla y León, which has overtaken Aragón in the historical ranking and is now the third autonomous community with the highest accumulated British flows.

Cumulative gross British FDI in the manufacture of pharmaceutical products in Spain by autonomous community

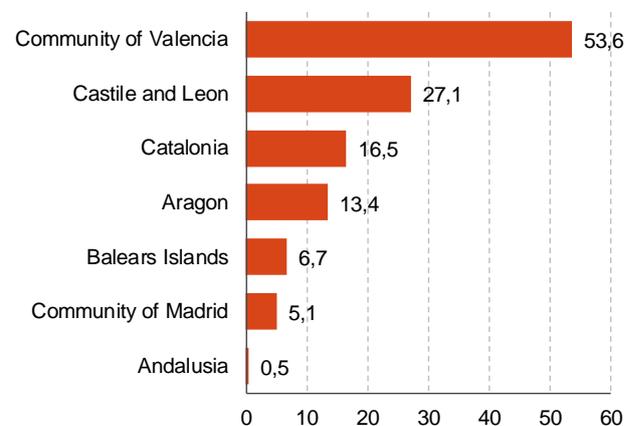
(EUR billion, excluding foreign securities holding entities)



Source: Afi, Secretary of State for Trade

British FDI as a percentage of total investment in the pharmaceuticals industry in Spain by autonomous community

(% of sector total, excluding foreign securities holding entities)



Source: Afi, Secretary of State for Trade

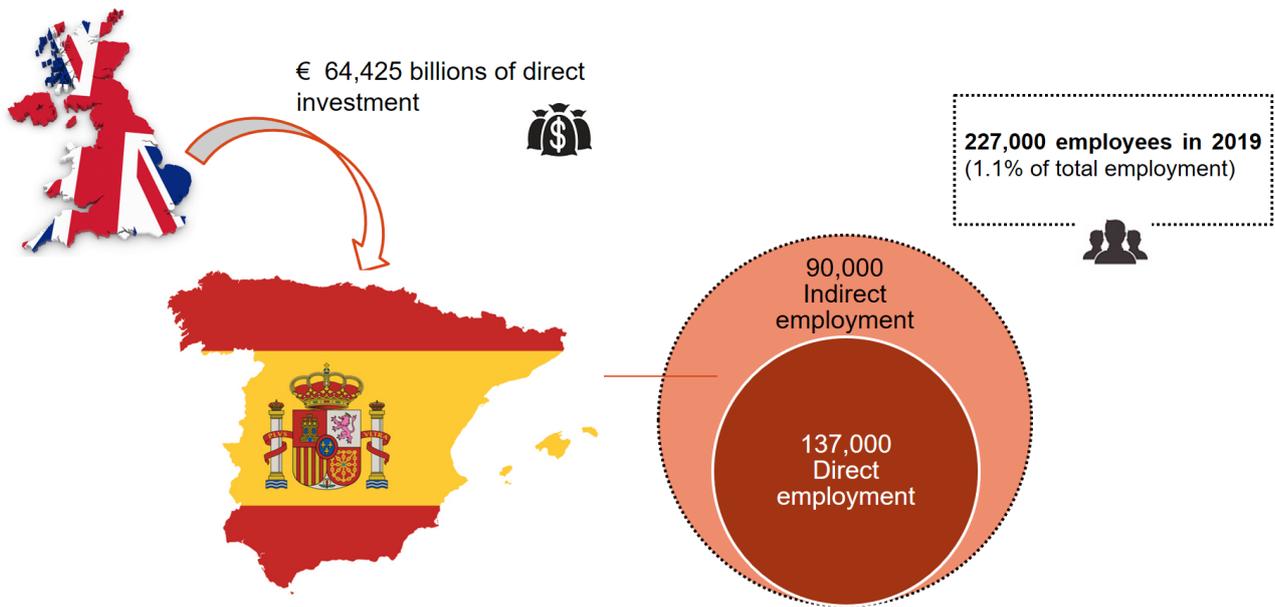
9. Effects of British FDI on jobs in Spain

British FDI in Spain contributed to the maintenance of 227,000 jobs in 2019, which is equivalent to 1.2% of total nationwide employment that year.

British FDI in Spain contributed to the maintenance of 227,000 jobs in 2019, which is 1.2% of the total and marks growth of around 14,000 jobs by comparison with last year's measurement.

Of all the jobs generated in Spain by British investment, around 137,000 are considered direct jobs, with the remaining 90,000 considered indirect jobs created via knock-on effects on supply chains.¹

Impact of British FDI on employment in Spain, 2019



Source: Afi, Secretary of State for Commerce, INE

¹ Indirect employment was estimated using Leontief type I multiplier effects for the various productive sectors of the Spanish economy (2015 Input-Output Tables).

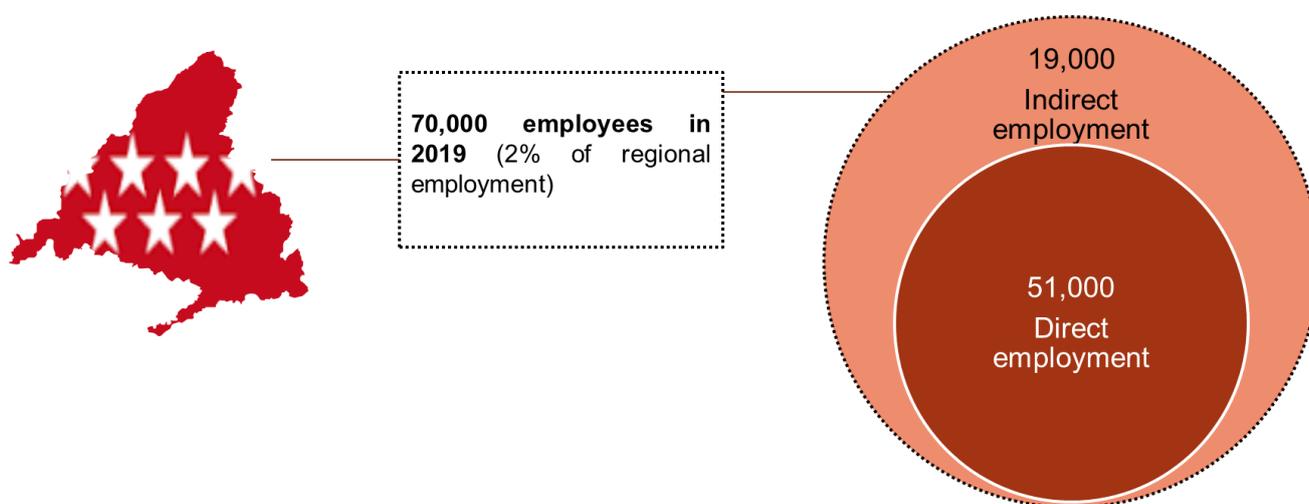
9.1. Effects of British FDI on jobs in Madrid

British FDI contributed to the maintenance of around 2% of all jobs in the Madrid region in 2019, which is equivalent to around 70,000 positions in total.

British FDI helped maintain a total of 70,000 jobs in Madrid, 2% of the total. By comparison with the previous year, the employment underpinned by British investment increased by roughly 6,000 positions.

As for the breakdown between direct and indirect jobs, the results show that of the total, around 51,000 corresponded to direct jobs and the remaining 19,000 to indirect jobs².

Impact of British FDI on employment in Madrid, 2019



Source: Afi, Secretary of State for Commerce, INE

² Indirect employment was estimated using Leontief type I multiplier effects for the various productive sectors of the Spanish economy (2015 Input-Output Tables).

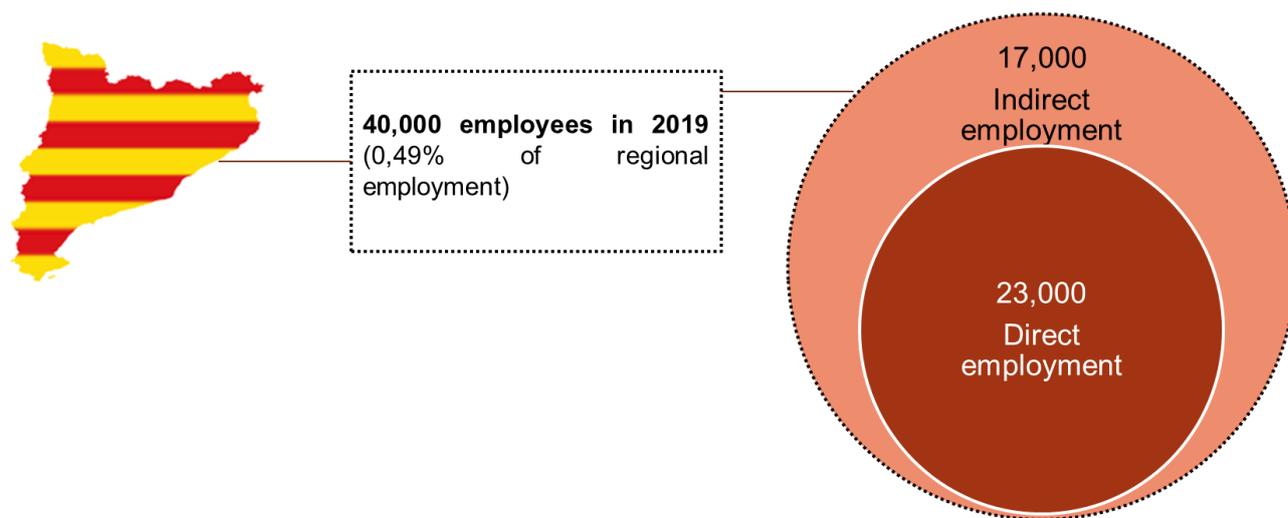
9.2. Effects of British FDI on jobs in Catalonia

British FDI contributed to the maintenance of around 1.1% of all jobs in Catalonia in 2019, which is equivalent to around 40,000 positions in total.

British FDI in Catalonia contributed to the maintenance of 40,000 jobs in 2019, which is 1.1% of total regional employment and marks growth of over 5,000 jobs by comparison with 2018.

The knock-on impact of British FDI has triggered the creation of 17,000 indirect jobs since the beginning of the series³, whereas the number of direct jobs created stands at 23,000.

Impact of British FDI on employment in Catalonia, 2019



Source: Afi, Secretary of State for Commerce, INE

³ Indirect employment was estimated using Leontief type I multiplier effects for the various productive sectors of the Spanish economy (2015 Input-Output Tables).

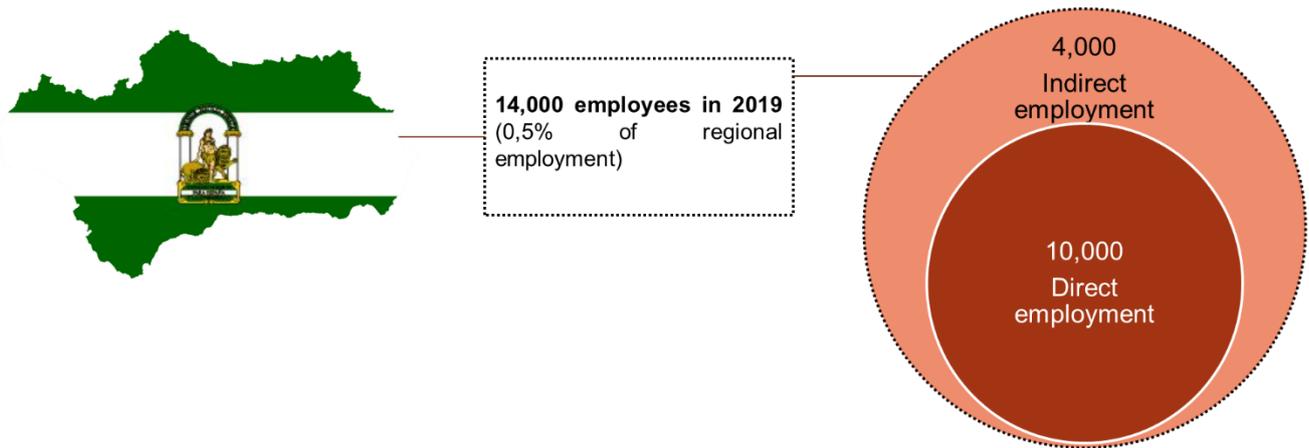
9.3. Effects of British FDI on jobs in Andalusia

British FDI contributed to the maintenance of around 0.5% of all jobs in Andalusia in 2019, which is equivalent to around 14,000 positions in total.

British FDI in Andalusia was responsible for the maintenance of 14,000 jobs in 2019, which is equivalent to 0.5% of all regional employment and up roughly 800 positions from 2018.

Of all the jobs created in Andalusia by British FDI in the region, 10,000 are considered direct jobs and the remaining 4,000 are indirect jobs created by knock-on effects on the regional economy⁴.

Impact of British FDI on employment in Andalusia, 2019



Source: Afi, Secretary of State for Commerce, INE

⁴ Indirect employment was estimated using Leontief type I multiplier effects for the various productive sectors of the Spanish economy (2015 Input-Output Tables).

10. British firms' assessment of the business climate in Spain

The feedback provided by the British firms with investments in Spain about the market's business climate is a core part of the Barometer.

The information provided in the following sections was gleaned from a survey undertaken between July and October 2021 of British firms with investments in Spain (refer to the methodological annex for further details).

According to the feedback provided by the British firms surveyed, the business climate improved considerably in 2020, a year marked by the Covid-19 pandemic.

Two out of every three respondents describe the business climate in Spain as 'good' or 'acceptable', an opinion shared by just 27% of the firms polled last year.

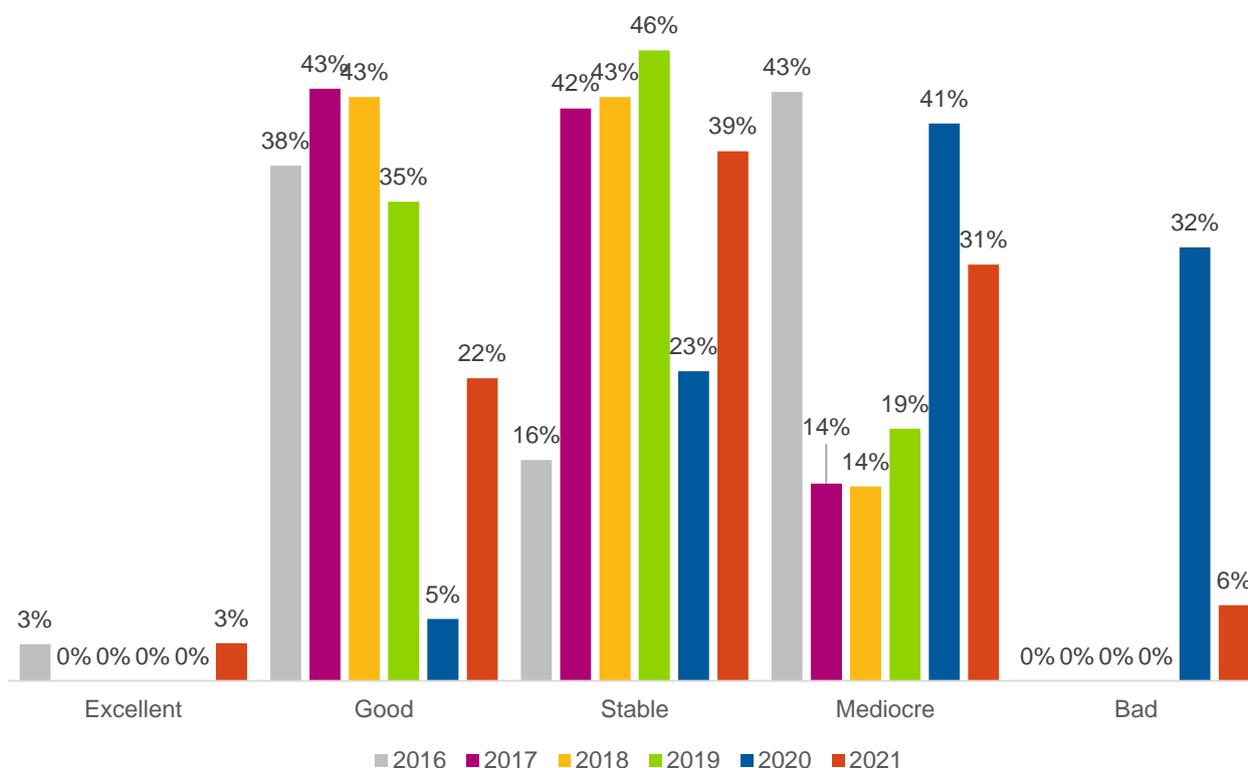
The improvement observed this year is widespread across all areas of the business climate assessment, with every attribute scoring more than 2.5 out of 5.

Spain's top business climate strength is, once again this year, its high quality of life, whereas perceived political risk is once again the word-rated attribute in 2021.

The results of the 2021 Barometer reveal a clear-cut improvement in how British firms perceive the business climate in Spain. Whereas in 2020, 31% of respondents described the business climate in Spain as 'bad', only 6% held that same belief in 2021. On the other hand, this year, 64% of the companies surveyed rated the business climate as 'excellent', 'good' or 'acceptable', compared to 28% last year.

In short, these results evidence a clear-cut improvement in how the British firms perceive the business climate in Spain in 2021, following a year marked indelibly by the difficulties shaped by the health crisis. However, despite that improvement, the score ascribed to the business climate in Spain has yet to revisit pre-pandemic levels. Indeed, the percentages of British firms rating the business climate as 'good' or 'acceptable' remain 13 and 7 points, respectively, below the 2019 scores.

Overall assessment of the business climate in Spain according to the British firms
(% of responses)



Source: Afi, "2016 - 2021 Surveys of British inward investment into Spain"

The breakdown of the responses into the various aspects that comprise the overall business climate assessment shows that, once again this year, Spain's biggest strength in the eyes of the British firms is its high quality of life. That attribute obtained a score of 4.3 points out of 5, up 0.6 percentage points (pp) from 2020 and in line with the all-time series high (since 2016).

The second highest-rated aspect is the quality of supplies (3.5 out of 5), where the score similarly etched out a new record in 2021. Access to financing, with a score of 3.3 (up 0.3pp from 2020) is the business climate aspect that obtained the third-highest score from the British firms operating in Spain.

In contrast, according to the feedback gathered, the main weakness is the performance of Spain's public institutions. Specifically, perceived political risk obtained a score of 2.6, making it the worst-ranked attribute for the second year in a row. However, it is worth highlighting that the political risk score obtained in 2021 marked a 0.6pp improvement year-on-year, which is the best result since 2018.

After political risk, public support for R+D+i earned the second-lowest score (2.6 out of 5), albeit also improving considerably, up 0.4pp, from 2020, and similarly hitting a record high. Government relations were rated 2.9 out of 5, which, despite an improvement of 0.6pp, still leaves it as the third lowest-scoring aspect of the business climate in Spain.

The improvement in perception transmitted by the British firms surveyed was also evident in a number of other aspects, including the labour market (up 0.1pp vs. 2020), the level of digitalisation (0.1pp) and the market structure (up 0.4pp).

Assessment of the business climate in Spain by attribute

(score based on the % of responses on a scale of 1 to 5, where 1 is very bad and 5 is very good)

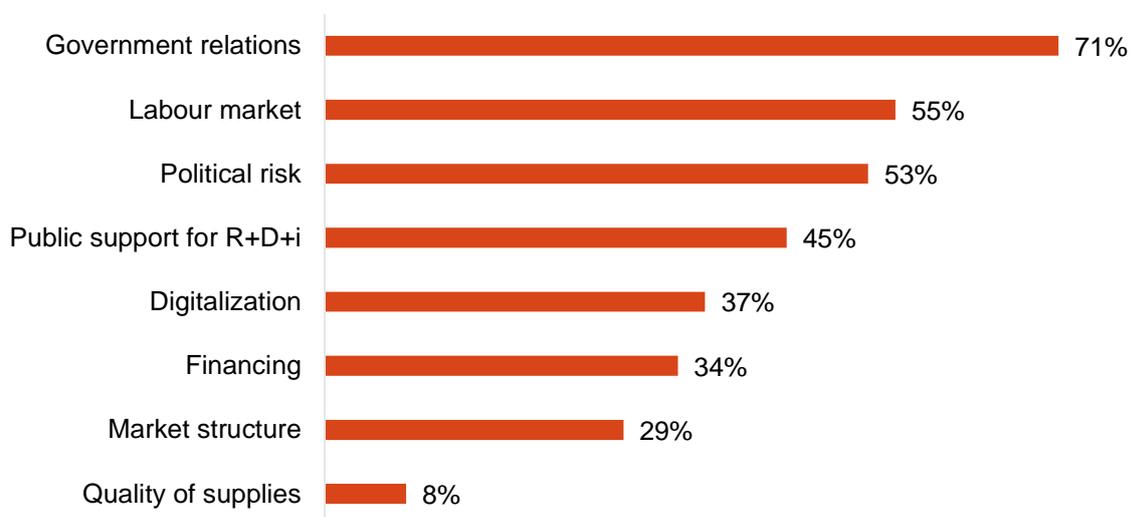
	2016	2017	2018	2019	2020	2021
Government relations	2.8	2.9	2.9	2.8	2.3	2.9
Political risk	2.4	2.9	2.6	2.5	2.0	2.6
Access to financing	3.0	3.1	3.5	3.4	3.0	3.3
Labour market	2.9	3.0	3.0	3.1	2.6	3.0
Market structure	3.0	3.0	3.3	3.0	2.7	3.1
Level of digitalisation	3.3	3.2	3.2	3.3	3.0	3.1
Quality of supplies	3.3	3.2	3.4	3.4	3.3	3.5
Quality of life	4.0	4.0	4.0	4.1	3.7	4.3
Public support for business R+D+i	2.3	2.5	2.3	2.2	2.2	2.6

Note: since 2020, unlike in prior years, the assessments were calculated directly for each attribute rather than presenting the result of the assessments of the various sub-attributes comprising each attribute.

Source: Afi, "2016 - 2021 Surveys of British inward investment into Spain"

When asked about the areas in which they would like receive more support from the Spanish government in the wake of the pandemic, it is not surprising that the British firms alluded to the worst-rated aspects of the business climate. Accordingly, 71% of respondents said they'd like to see more support in their dealings with the public authorities; 55% said they required more support in the labour market; 53% wanted to see reduced political risk; and 45% would like to receive more public support for business R&D.

Areas in which the British firms want to see more government support in a post-Covid scenario (% of respondents)



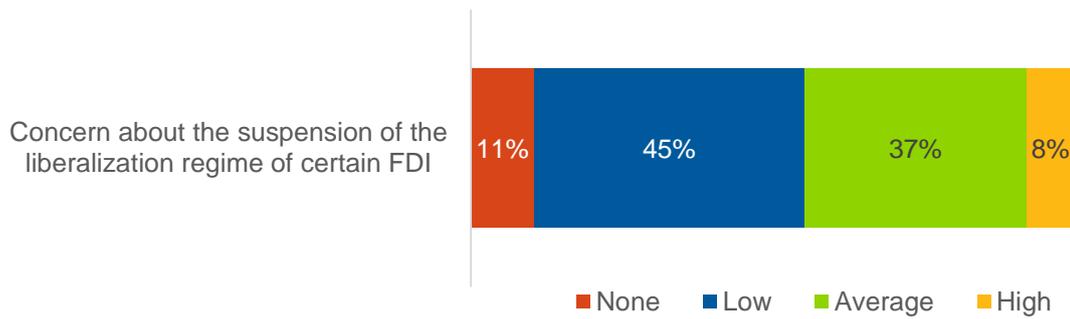
Note: a given company may select more than one area.

Source: Afi, "2021 Survey of British inward investment into Spain"

Following the onset of the pandemic, in March 2020 the Spanish government passed a raft of extraordinary measures which included the suspension of the framework of liberalisation applicable to certain foreign direct investments in Spain⁵. Judging by the feedback gathered for the 2021 Barometer, over half (56%) of the British firms surveyed said they were not concerned about that regulatory development. And just 8% reported to be very concerned about it.

Level of concern expressed by the British firms regarding the change in the liberalisation regime for certain foreign direct investments in Spain

(% of respondents)



Source: Afi, “2021 Survey of British inward investment into Spain”

⁵ Royal Decree-Law 8/2020 (of 17 March 2020) on urgent, extraordinary measures for combating the economic and social ramifications of Covid-19; and Royal Decree-Law 11/2020 (of 31 March 2020), enacting complementary urgent measures on the social and economic fronts to tackle Covid-19.

11. British firms' outlook for business and investment in Spain, in the context of the pandemic

Having outlined how the firms surveyed feel about the business climate in Spain, the aim of this section is to capture their outlook for the Spanish economy and their business and investment activities in 2021 and 2022.

Half of the British firms polled believe that the Spanish economy will grow in 2021 and more than three-quarters expect it to do so in 2022.

The outlook for their investment activity is aligned with the country's economic prospects. Forty-six per cent of the firms surveyed said they planned to increase their investments in Spain in 2021 and 76% said they planned to do so in 2022.

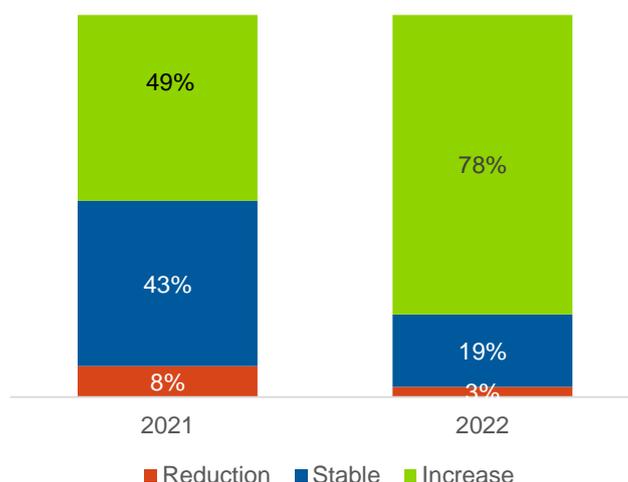
Barely one-third of the respondents expect to present tenders for Next Generation EU funds.

Asked about their outlook for the Spanish economy, 49% of the British firms surveyed said they expect aggregate output to grow in Spain in 2021 compared to 2020, in line with the Spanish governments and international organisations' forecasts. However, despite the recent improvement in economic and employment momentum in Spain, 51% of the firms surveyed continue to see the economic situation in 2021 as similar to or worse (8%) than it was last year.

Looking to 2022, there is greater consensus among the British firms surveyed about the outlook for the Spanish economy, with 78% of them believing that GDP will improve by comparison with this year.

Outlook of the firms surveyed for the Spanish economy in 2021 and 2022

(% of respondents)

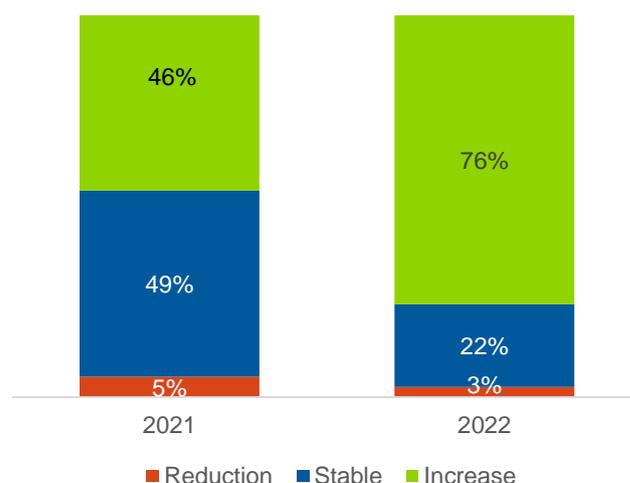


Source: Afi, "2021 Survey of British inward investment into Spain"

The British firms' investment plans for Spain mirror their expectations for the country's economic performance. Specifically, 46% of the firms surveyed said they plan to increase their investments over the course of 2021 and 76% said they expected to do so in 2022.

Those figures mark a clear improvement from the 2020 Barometer, when a scant 30% of respondents said they planned to increase their investments in Spain this year. Moreover, just 5% of the companies believe they will pursue some form of divestment from the Spanish market this year, compared to a response rate of 25% in last year's Barometer.

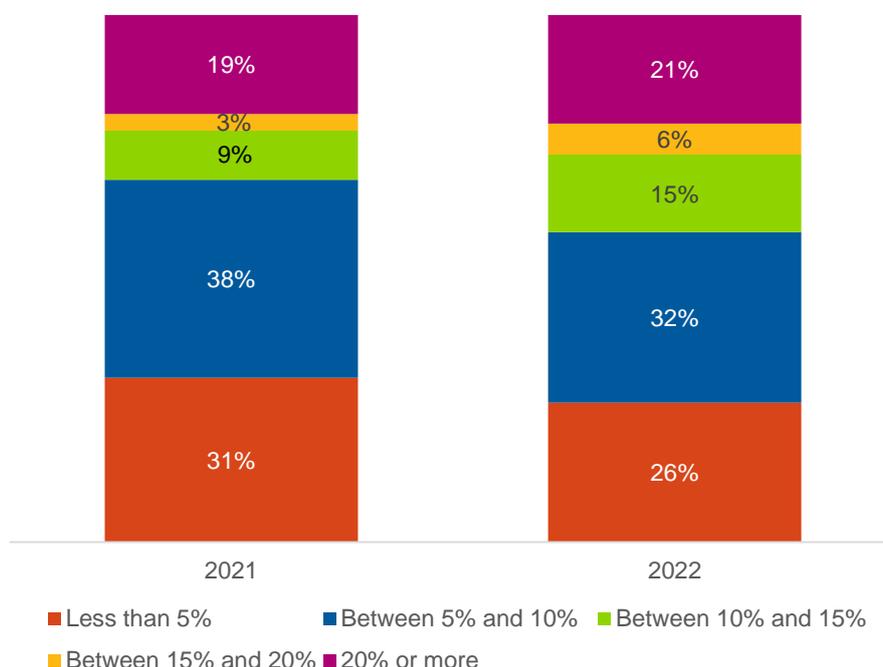
British firms' investment intentions in Spain in 2021 and 2022 (% of respondents)



Source: Afi, "2021 Survey of British inward investment into Spain"

The outlook for 2022 is better than for 2021 in relation to both the extensive margin (number of firms planning to undertake investments) and the intensive margin (volume of such investments). Indeed, among the British firms expecting to invest in Spain in 2022, 42% plan to increase their investments by more than 10% compared to current levels, whereas just 31% of those planning to invest in Spain in 2021 plan to invest that much.

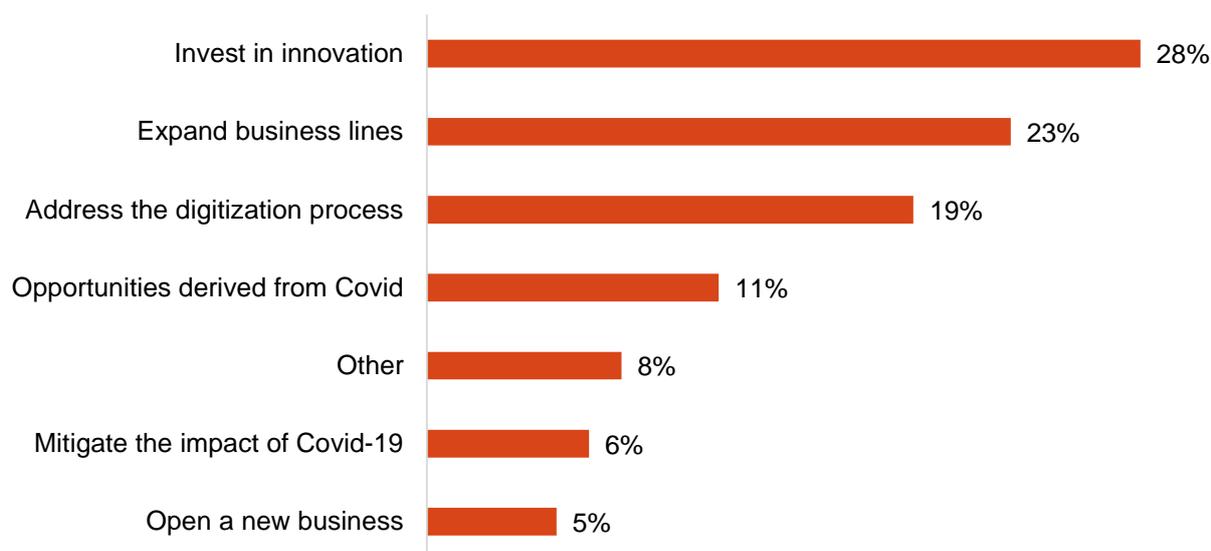
British firms' outlook for increasing their investments in Spain (% of total firms planning to increase their investments in 2021 and 2022)



Source: Afi, "2021 Survey of British inward investment into Spain"

Within the companies that expect to invest in Spain in 2021 or 2022, 28% said they plan to earmark those funds to innovation, another 23% to expanding their business lines and 19% to tackling digitalisation.

Rationale for British investment in Spain (% of firms planning to increase their investments in 2021 - 2022)



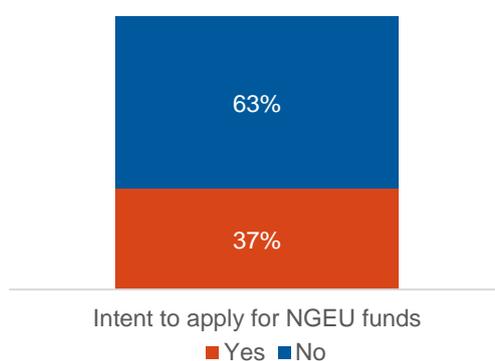
Notes: (i) A given company may select more than one area. (ii) "Other" includes digitalisation processes.

Source: Afi, "2021 Survey of British inward investment into Spain"

Implementation of the Spanish Government’s Recovery, Transformation and Resilience Plan, channelling the Next Generation EU (NGEU) funds, could provide an opportunity for pursuing business projects across a range of areas. The thrust of the recovery plan is to modernise Spain’s business fabric, increase competitiveness and accelerate the twin green and digital transitions. Recall that Spain will receive €69.53 billion in the form of non-repayable aid and subsidies between 2021 and 2026. It will also be able to tap another €71.7 billion in the form of soft loans.

Against that backdrop, however, barely one-third of the British firms surveyed said they expected to participate in the tenders for receiving NGEU funds.

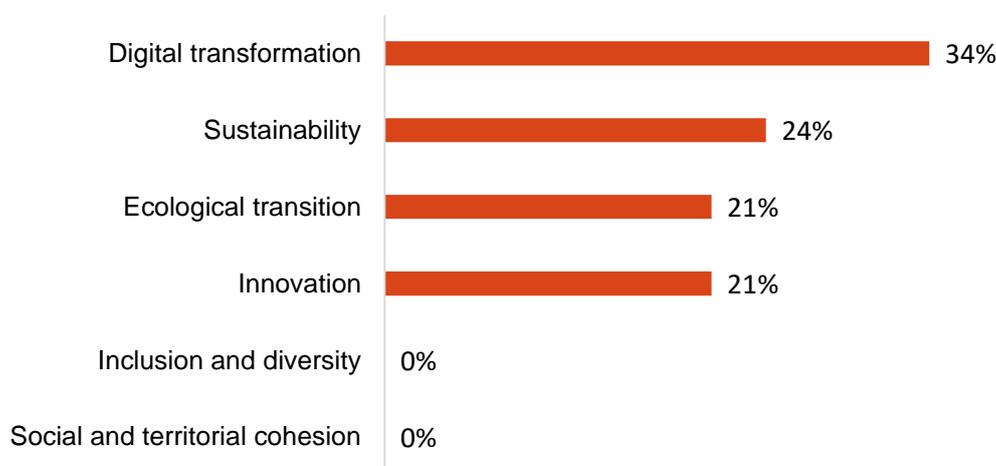
Intentions regarding participation in the tenders for applying for NGEU funds in Spain (% of respondents)



Source: Afi, “2021 Survey of British inward investment into Spain”

Within that third of British firms planning to apply for aid under the umbrella of the NGEU funds, 34% said they would try to pursue projects related with digital transformation; 24% said they were eyeing sustainability-related projects; and 21% said they were keen to invest in green transformation.

Targeted areas of investment for projects availing of NGEU funds (% of firms whose last answer was affirmative)



Source: Afi, “2021 Survey of British inward investment into Spain”

12. Assessment of the impact of Brexit

In June 2016, the UK decided, via referendum, to abandon the European Union, effectively exiting the economic group in January 2020. After more than a year of negotiations, the new Trade and Cooperation Agreement between the European Union and United Kingdom (TCA) took effect in January 2021. The TCA introduces preferential regimes in areas including trade, intellectual property, road transportation, energy and fishing.

The TCA marked the end of complex negotiations between the British government and the European institutions, first to draw up the roadmap for an unprecedented exit from the European Union and later to lay the ground rules for future relations between the UK and the rest of the EU.

Against that backdrop, below is a snapshot of how the British firms surveyed feel Brexit has impacted their investment decisions in the Spanish market.

Seventy-seven per cent of the British firms surveyed reported they had not modified their investments in Spain in the wake of Brexit, in line with the percentage gleaned from the last two editions of the Barometer.

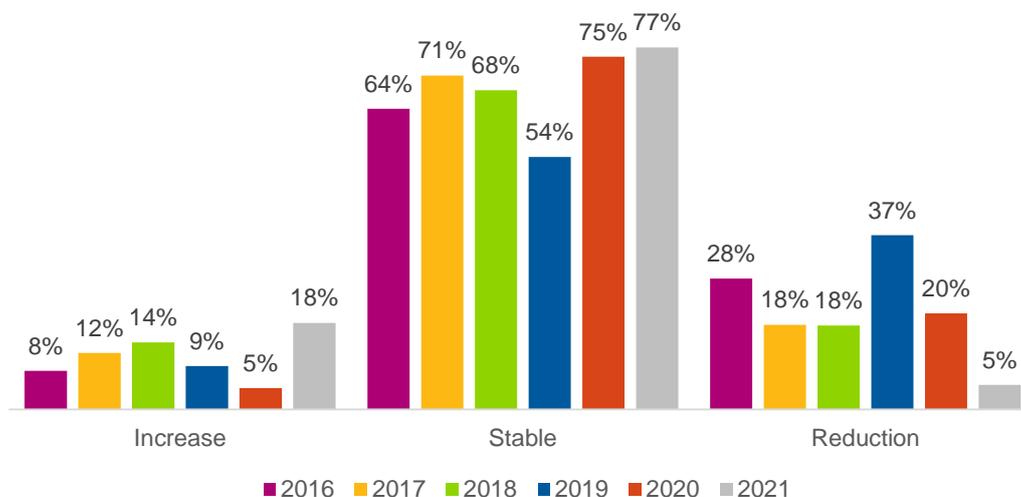
Eighteen per cent of the firms said they had increased their investments in Spain following Brexit, up 13 points from last year, framed by reduced uncertainty following entry into effect of the TCA.

However, one half of the respondents said they expect Brexit to hinder the movement of people and one-third expects to have to bear additional costs associated with bilateral trade between the two countries.

This edition of the Barometer reveals an improvement in how the British firms perceive the impact of Brexit. The majority of firms surveyed (77%) believes that the UK's exit from the EU has not altered their investment plans, which is in line with last year's results (75%).

However, the main change in perception lies with the percentage of firms that has increased their investments since Brexit: 18% in 2021, compared to 5% in 2020. That higher percentage may reflect the dissipation of uncertainty following entry into effect of the new Trade and Cooperation Agreement, paving the way for a more predictable investment horizon.

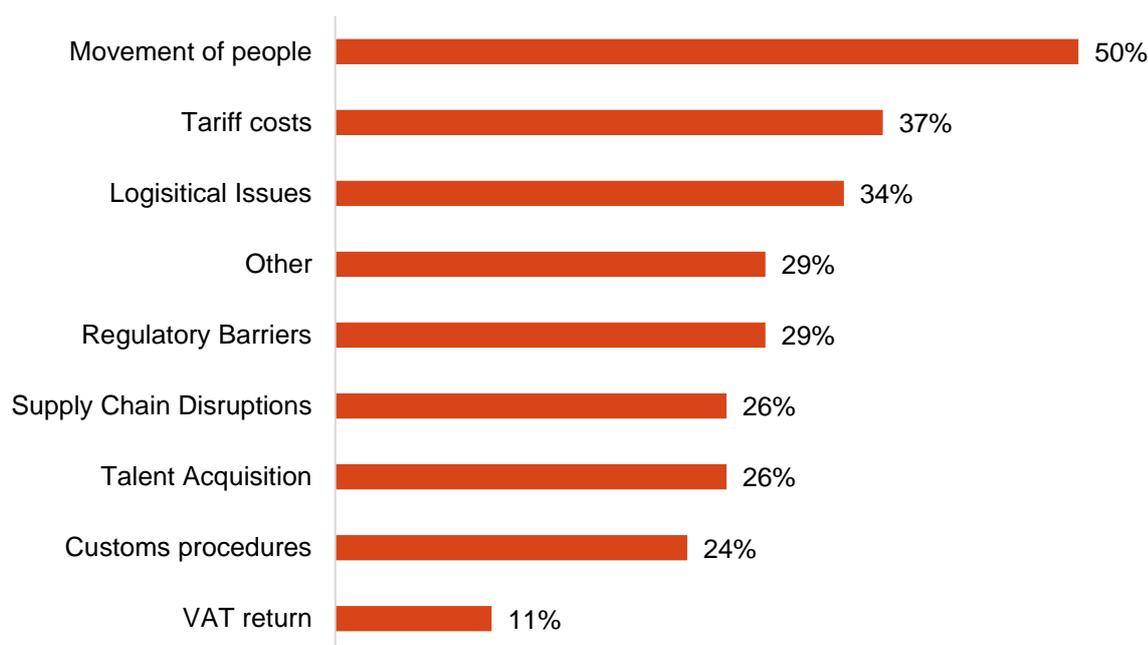
Impact of Brexit on the investments of the British firms located in Spain (% of responses)



Source: Afi, "2016 - 2021 Surveys of British inward investment into Spain"

Beyond the impact of Brexit on their investment decisions in Spain, half of the British firms surveyed said they expect the UK's withdrawal from the EU to hinder the movement of people. Moreover, 37% believe that Brexit will impact tariff costs (despite the fact that the TCA does not have implications for trade barriers or tariffs) and 34% expect to experience greater logistical obstacles in trading between the British and European markets.

Aspects impacted the most by the UK's effective exit from the EU in the opinion of the British firms surveyed (% of respondents)



Note: a given company may select more than one aspect.

Source: Afi, "2021 Survey of British inward investment into Spain"

Appendix: methodology and characteristics of the company sample

A total of 38 British firms with a presence in the Spanish market participated in this, the seventh edition of the *Barometer on climate and outlook for British investment in Spain*.

This edition of the *Barometer on climate and outlook for British investment in Spain*

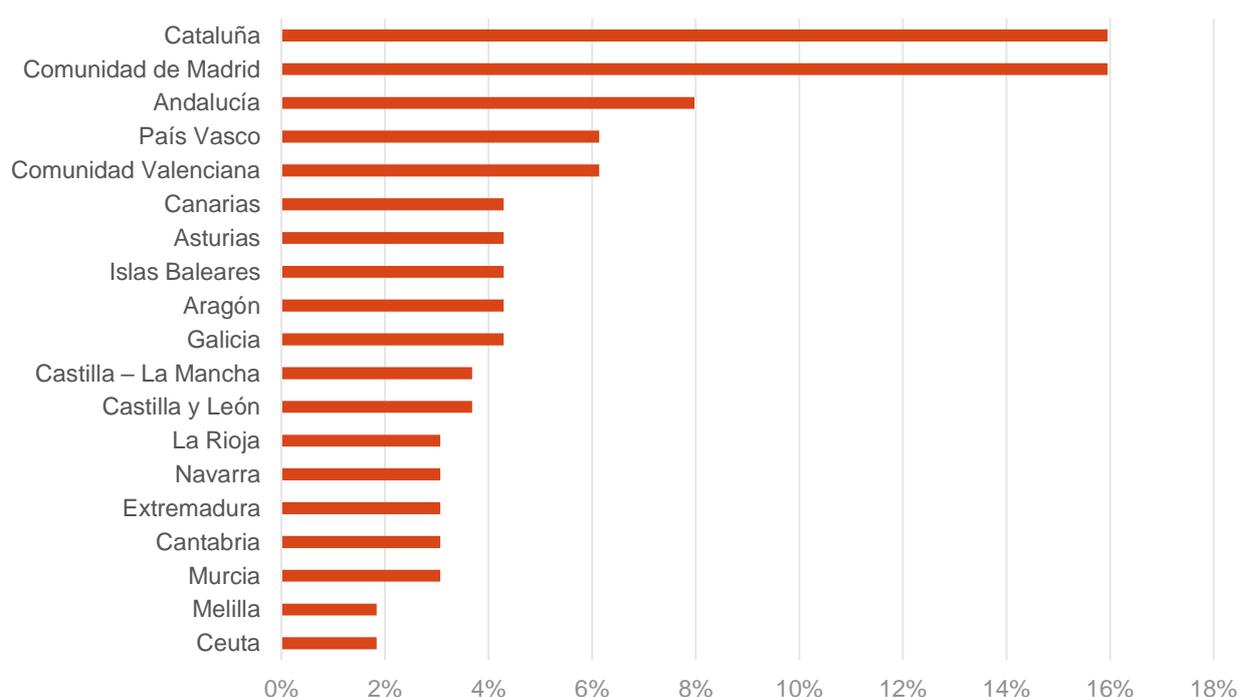
relays the feedback provided by British firms, collected by means of an online survey distributed by the British Chamber of Commerce in Spain between July and October 2021. Thirty-eight British firms with direct investments in Spain participated in the survey.

The structure of this year's Barometer is similar to last year's edition, with ongoing questions about the impacts of the Covid-19 pandemic and Brexit on the firms' investment plans, which have been tacked on to the regular questions about how they perceive the business climate and what their investment intentions are. The main novelty in this year's edition is the addition of a question about the Next Generation EU funds in an attempt to quantify their attractiveness for the universe of British firms doing business in Spain.

To ensure the participating firms constituted a representative sample with respect to the target population, we relied on the information registered with the Companies House (specifically the SABI database) and data provided by the British Chamber of Commerce in order to delineate the number of firms established in Spain whose parent resides in the UK. It was estimated that 2,285 firms met that condition. Therefore, the sample of 38 participating firms paves the way for conclusions with a confidence level of 90% and a margin of error of 13%.

The regional and sector breakdowns of the 38 firms surveyed is heterogeneous, as shown in the following charts.

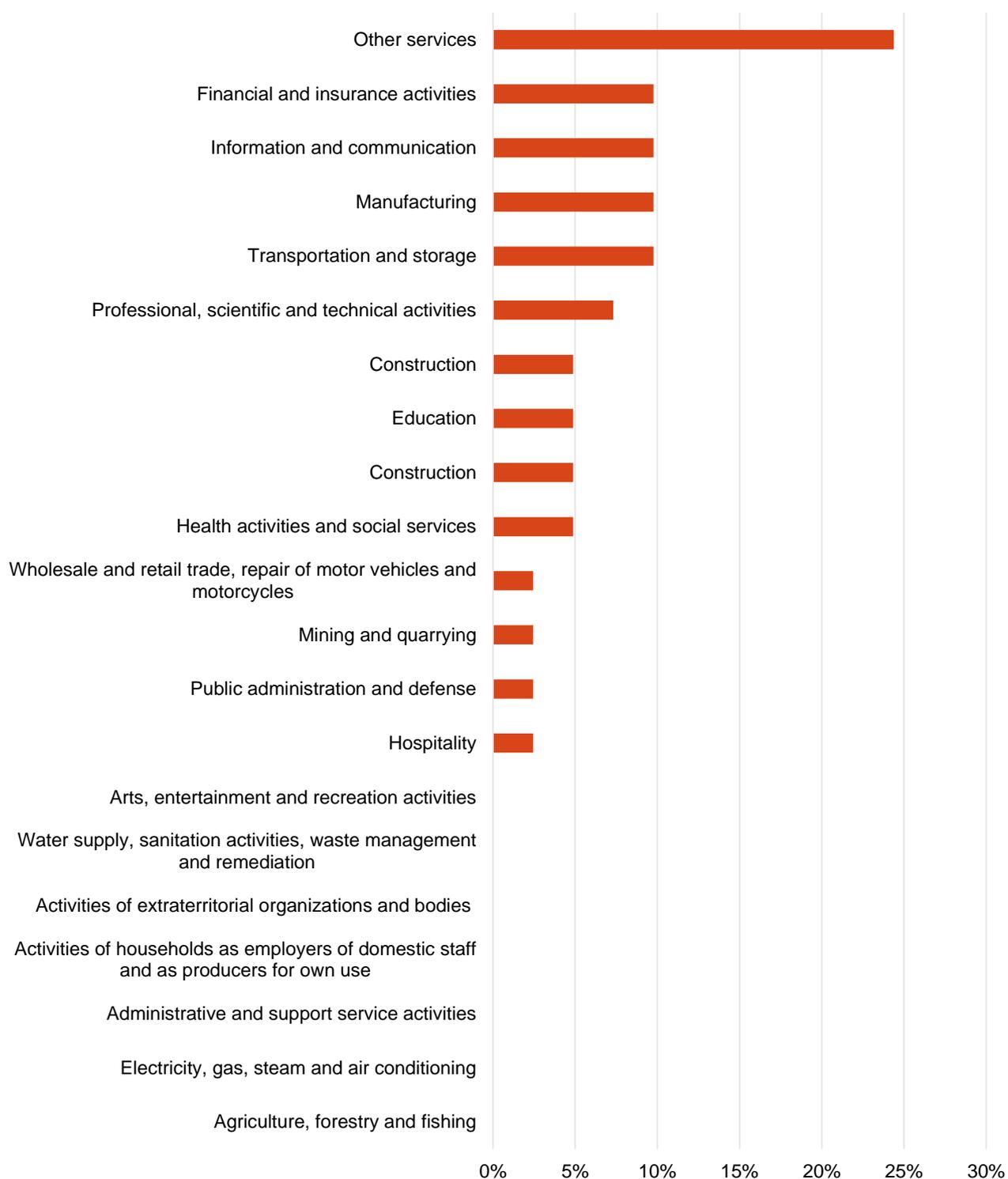
British firms by region (% of responses), 2021



Note: a given company may do business in more than one region.

Source: Afi, "2021 Survey of British inward investment into Spain"

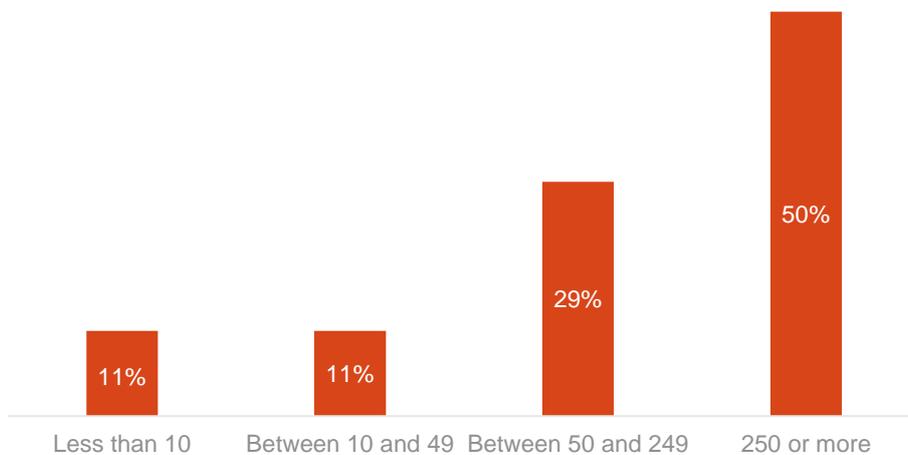
British firms by sector (% of responses), 2021



Note: a given company may do business in more than one sector.

Source: Afi, "2021 Survey of British inward investment into Spain"

British firms by size (% of responses), 2021



Source: Afi, "2021 Survey of British inward investment into Spain"

