



European
Investment
Bank

The EU bank



Spain

EIBIS 2016

EIB Group Survey on
Investment and
Investment Finance 2016

Country Overview

EIB Group Survey on Investment and Investment Finance Country Overview: Spain

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About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment and Investment Finance is a unique, EU-wide, annual survey of 12,500 firms. It collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face. Using a stratified sampling methodology, EIBIS is representative across all 28 member States of the EU, as well as for firm size classes (micro to large) and 4 main sectors. It is designed to build a panel of observations to support time series analysis, observations that can also be linked to firm balance sheet and profit and loss data. EIBIS has been developed and is managed by the Economics Department of the EIB, with support to development and implementation by Ipsos MORI. For more information see: <http://www.eib.org/eibis>.

About this publication

This Country Overview is one of a series covering each of the 28 EU Member States, plus an EU-wide overview. These are intended to provide an accessible snapshot of the data. For the purpose of these publications, data is weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

About the Economics Department of the EIB

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The Department, a team of 30 economists, is headed by Debora Revoltella, Director of Economics.

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The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.

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Ipsos Public Affairs works closely with national governments, local public services and the not-for-profit sector, as well as international and supranational organizations. Its c.200 research staff in London and Brussels focus on public service and policy issues. Each has expertise in a particular part of the public sector, ensuring we have a detailed understanding of specific sectors and policy challenges. This, combined with our methodological and communications expertise, helps ensure that our research makes a difference for decision makers and communities.

EIBIS 2016 – COUNTRY OVERVIEW

Spain

The annual EIB Group Survey on Investment and Investment Finance (EIBIS) is an EU-wide survey of 12 500 firms that gathers quantitative information on investment activities by both SMEs and larger corporates, their financing requirements and the difficulties they face.

As the EU bank, the EIB Group responds to the need to accelerate investment to strengthen job creation and long-term competitiveness and

sustainability across all 28 EU member States. EIBIS helps the EIB to contribute to a policy response that properly addresses the needs of businesses, promoting investment.

This country overview presents selected findings based on telephone interviews with 515 firms in Spain in 2016 (July-October). **Note:** The results are weighted by value-added, reflecting firms' contribution to the economy.

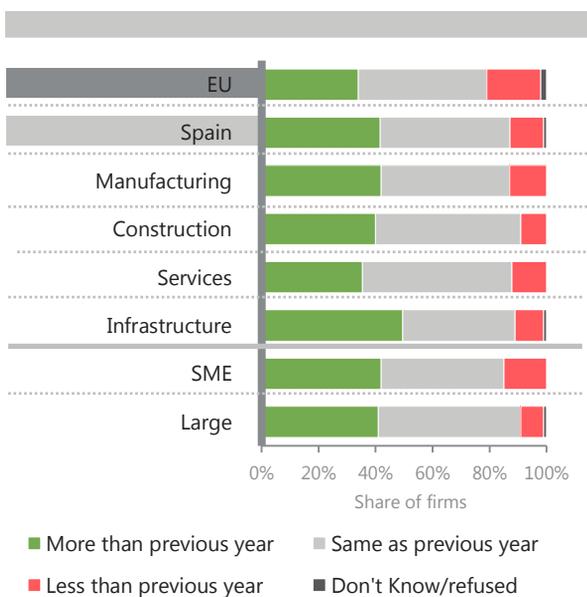
Key results

Investment outlook:	High investment, expanding: a high share of firms invested in the last financial year, with a positive outlook for the current year on balance. The outlook is more positive than in the EU as a whole.
Investment activity:	82% of firms invested in the last financial year, with an intensity (investment per employee) in line with the EU average.
Investment gap:	19% of firms report having invested too little over the last three years, while only 4% found they invested too much. On average firms in Spain consider 47% of their machinery and equipment to be state-of-the-art, similar to the EU average of 44%. Overall, firms report 51% of their building stock to satisfy high efficiency standards, above the EU average of 40%.
Investment barriers:	Uncertainty about the future, business regulation and demand for products and services are perceived to be the main barriers in the long term to implementing investment in Spain.
External finance:	7% of firms are finance constrained: the proportion of firms either dissatisfied with the amount of finance they received, had their application rejected, thought borrowing costs would be too high or were discouraged from applying, in line with the EU average is 5%.
Firm performance:	Firms have slightly lower productivity compared to the EU average, particularly in the construction sector.

INVESTMENT DYNAMICS

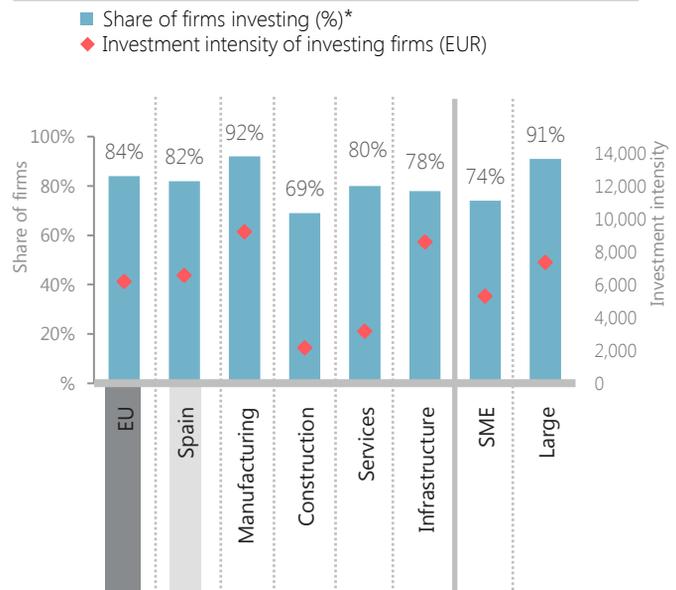
- Over eight in ten firms in Spain invested in the last financial year, similarly to the EU average (82% compared to 84% across the EU as a whole).
- Around nine in ten large firms (91%) invested in the last financial year compared to 74% of SMEs.
- Investment was significantly higher in the manufacturing sector (92%), compared to other sectors.
- The intensity of investment (investment per employee) in Spain is in line with the EU average.

Investment activity in last financial year compared to previous



Base: All firms who invested in the last financial year
Q: Overall was this more, less or about the same amount of investment as in the previous year?

Investment activity in last financial year

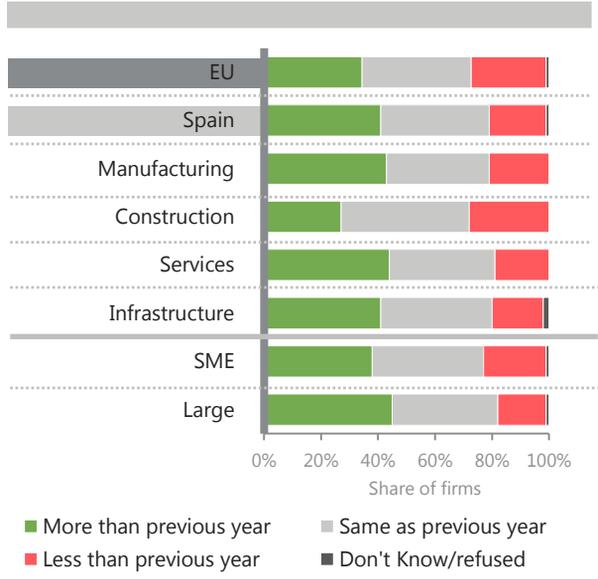


Base: All firms (excluding don't know/refused responses)
***The blue bars indicate the proportion of firms who have invested in the last financial year.**
 A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities.
 Investment intensity is the median investment per employee of investing firms.

- In net terms, 30% of firms in Spain increased investment, well above the EU average (15%).
- Over four in ten firms (42%) increased investment, well above the EU average (34%), a ratio similar for large firms and SMEs.

- In net terms, 21% of firms in Spain expect their investment in the current financial year to increase, well above the EU net average (8%).
- Around four in ten firms expect investment to increase (41%), above the EU average (34%).
- Overall, within the investment cycle, firms in Spain are located in the upper left of the low investment but expanding quadrant.

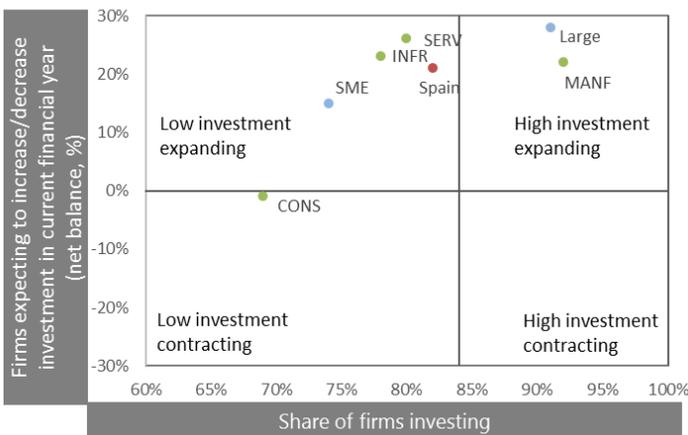
Expected investment in current financial year compared to last one



Base: All firms

Data is derived from two questions: firms who had invested in the last financial year were asked if they expect to invest more, around the same amount or less than last year; firms who had not invested in the last financial year were asked if they had already invested, or expect to invest in the current year

Investment cycle



Base: All firms

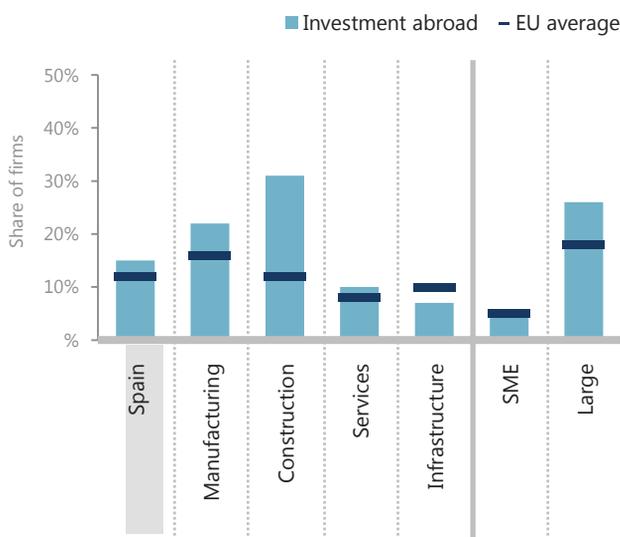
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500.

- Only firms belonging to the construction sector are located in the low investment and contracting quadrant.
- SMEs, while investing relatively less than large firms, also expect an expansion of their investment activity.

INVESTMENT ACTIVITY

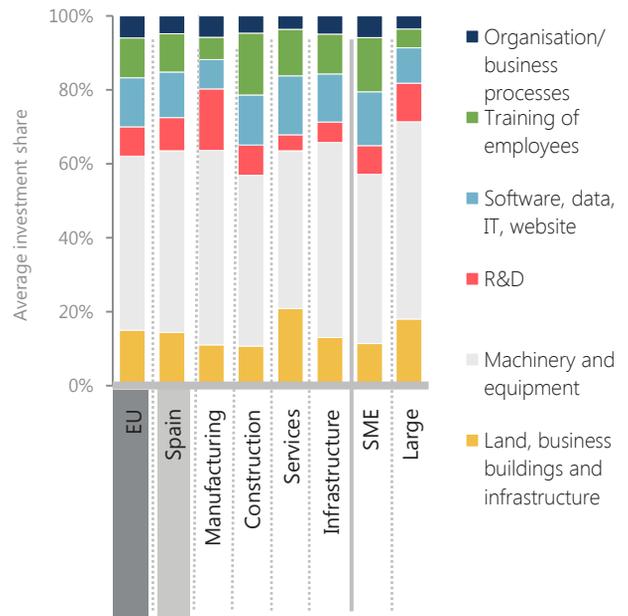
- The highest share of investment activity in Spain is in machinery and equipment, well above land, business buildings and infrastructure, software, data, IT, website and training of employees. The pattern is similar to the EU as a whole.
- Large firms are more likely than SMEs to invest in land, business buildings and infrastructure.
- Conversely, SMEs are more likely as a whole to invest in training of employees, software and process improvements.

Investment abroad



Base: All firms who invested in the last financial year
Q: In the last financial year, has your company invested in another country?

Investment areas

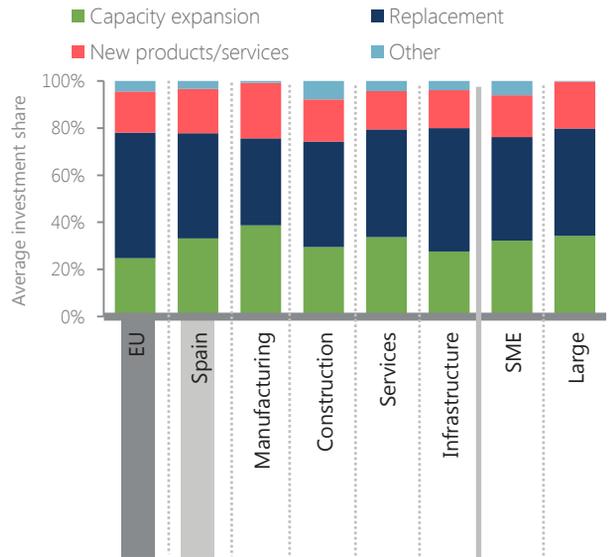


Base: All firms who have invested in the last financial year (excluding don't know/refused responses)
Q: In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

- Overall 15% of firms in Spain have invested in another country, in line with the EU average (12%).
- Firms in the construction and manufacturing sectors in Spain tend to invest abroad relatively more than other sectors (respectively 31% and 22%, compared to 12% overall).
- Large firms in Spain are much more likely to have invested abroad than SMEs (26% and 5% respectively).

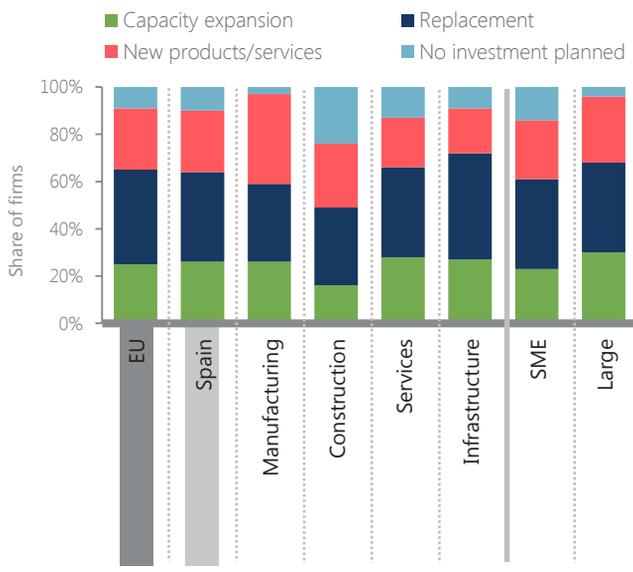
- The largest share of investment in Spain is driven by the need to replace existing buildings, machinery, equipment and IT (45%).
- Compared to the EU average, firms in Spain have tended to invest relatively more in capacity expansion.
- Investment in replacement is highest in the infrastructure sector while investment in new products is highest in the manufacturing sector, compared to all other sectors.

Purpose of investment in last financial year



Base: All firms who invested in the last financial year (excluding don't know/refused responses)
 Q. What proportion of total investment was for (a) replacing existing buildings, machinery, equipment, IT (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Future investment priorities



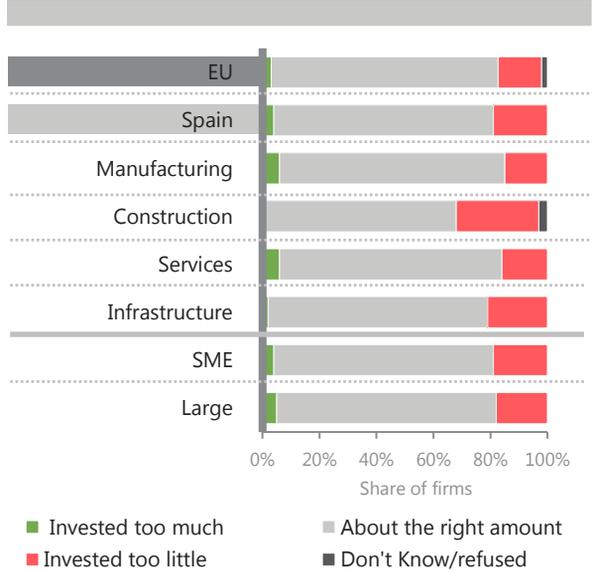
Base: All firms (excluding don't know/refused responses)
 Q. Looking ahead to the next 3 years, which of the following is your investment priority (a) replacing existing buildings, machinery, equipment, IT (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

- For most firms planning to invest in the next three years, the priority is in replacing existing buildings, machinery, equipment and IT (38%).
- Investment priorities in new products, processes or services are highest in the manufacturing sector (38% compared to 26% on average).

INVESTMENT NEEDS

- Nearly eight in ten firms in Spain (77%) believe their investment over the last three years was about the right amount. Less than one in five report they invested too little (19%).
- Firms in the construction sector were significantly more likely to have invested too little (29%) than firms in other sectors.

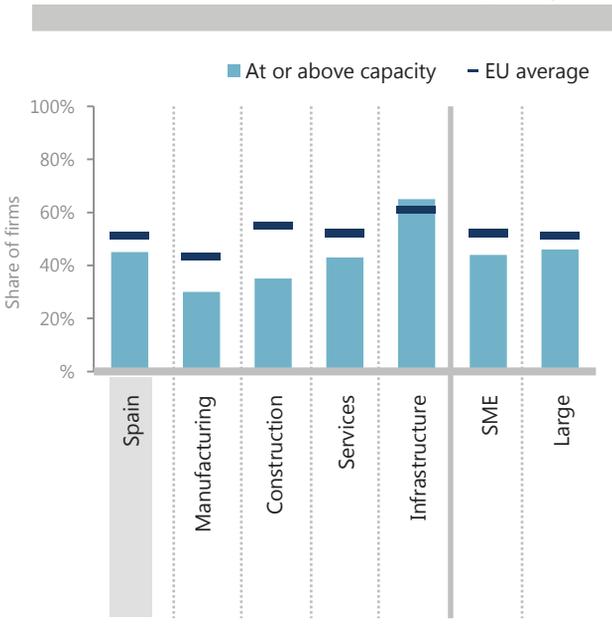
Perceived investment gap



Base: All firms (excluding 'Company didn't exist three years ago' responses)

Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount to ensure the success of your business going forward?

Share of firms at or above full capacity



Base: All firms (data not shown for those operating somewhat or substantially below full capacity)

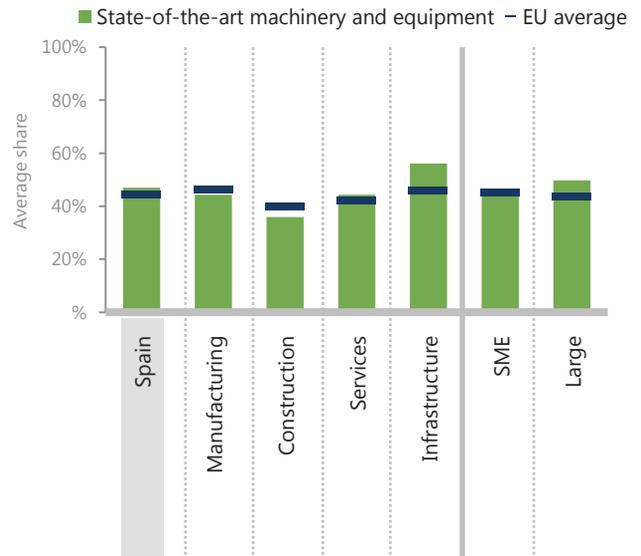
Full capacity is the maximum capacity attainable under normal conditions e.g., company's general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.

Q. In the last financial year, was your company operating above or at maximum capacity attainable under normal circumstances? 6

- Around half of firms in Spain report operating above or at maximum capacity in the last financial year (45%). This is lower than the EU average (51%).
- Firms in the infrastructure sector are more likely than firms in other sectors to report operating at or above full capacity.
- The share of firms operating at or above full capacity is very similar for SMEs and large firms.

- On average, firms in Spain consider 47% of their machinery and equipment to be state-of-the-art, similar to the EU average of 44%.
- The proportion is highest for firms in the infrastructure sector (56% vs. 47% on average).

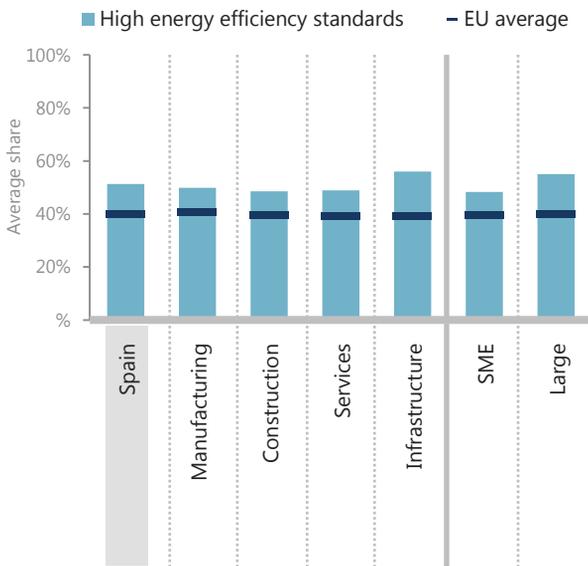
Average share of state-of-the-art machinery and equipment



Base: All firms

Q. What proportion, if any, of your machinery and equipment, including ICT, would you say is state-of-the-art?

Average share of building stock meeting high energy efficiency standards



Base: All firms

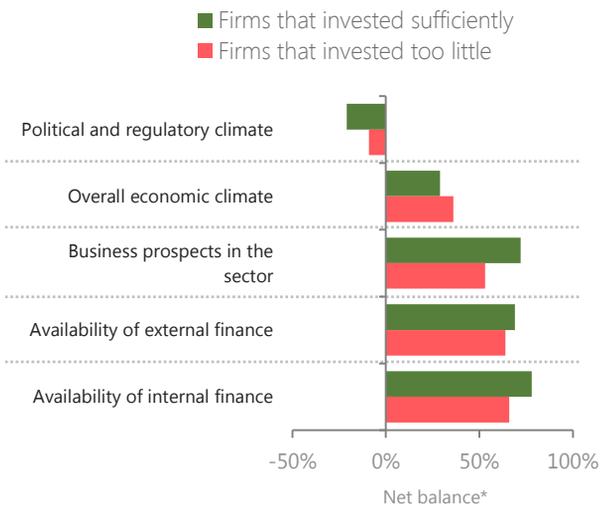
Q. What proportion, if any, of your commercial building stock satisfies high or highest energy efficiency standards?

- Overall, firms report 51% of their building stock to satisfy high efficiency standards, above the EU average of 40%.

INVESTMENT CONSTRAINTS

- The short-term influences on investment in Spain are similar to those in the EU.
- The political and regulatory climate is cited as the main short term barrier to implementing planned investment in Spain in the current financial year.
- The availability of internal finance, business prospects in the sector, and external finance availability are all seen as clearly supportive for investment, followed by the overall economic climate.

Short term influences by investment performance

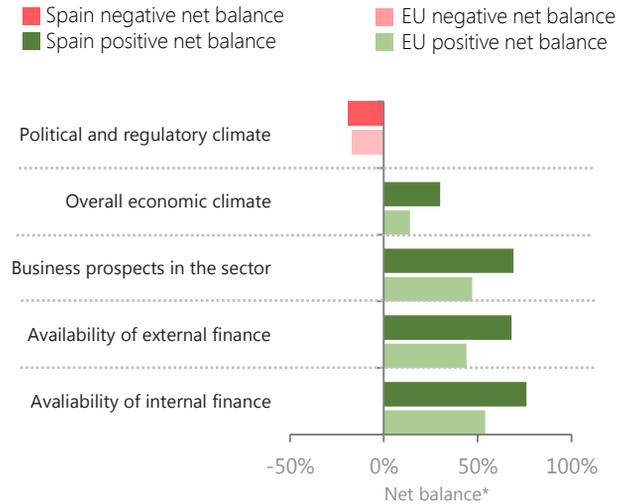


Base: All firms who have planned to invest in the current financial year and who invested too much, about the right amount or too little in the last financial year (excluding don't know/refused/company didn't exist three years ago responses)

Q. How do each of the following affect your ability to carry out your planned investment. Does it affect it positively or negatively, or make no difference at all?

* Net balance is the share of firms seeing a positive effect minus the share of firms seeing a negative effect

Short term influences on investment



Base: All firms who have planned to invest in the current financial year

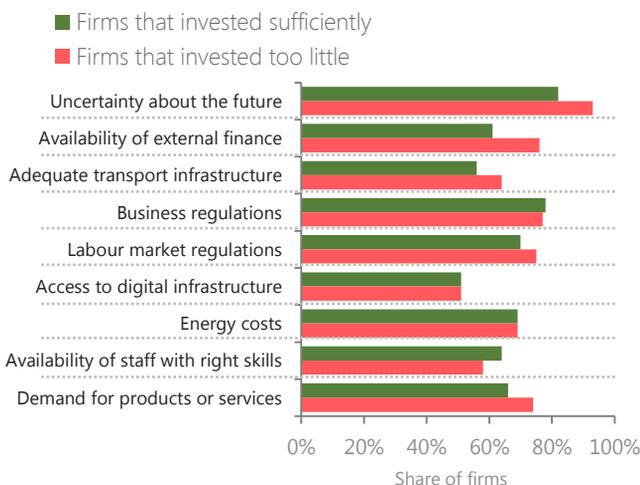
Q. How do each of the following affect your ability to carry out your planned investment. Does it affect it positively or negatively, or make no difference at all?

*Net balance is the share of firms seeing a positive effect minus the share of firms seeing a negative effect

- Among firms that report their investment in the past three years has been below their needs, the supportive impacts of the business prospects in the sector, of the availability of internal finance and of the availability of external finance are generally assessed to be weaker than for firms which invested sufficiently.

- Nearly two thirds (65%) of firms consider uncertainty about the future to be a major obstacle to investment in Spain over the longer term, followed by business regulations and demand for products and services (respectively 56% and 53%).
- With the exception of availability of staff with the right skills, all other long term factors are perceived as bigger obstacles to investment for firms in Spain than across the EU as a whole.

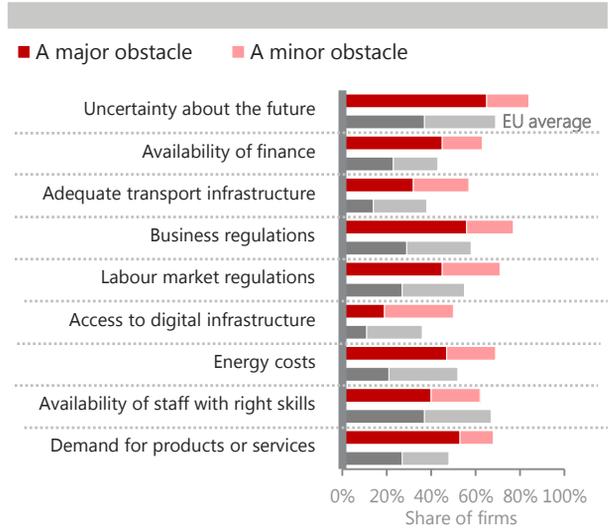
Long term barriers by investment performance



Base: All firms who invested too much, about the right amount or too little in the last financial year (excluding don't know/refused/company didn't exist three years ago responses), data shown for firms who said each was a major or minor obstacle

Q. Thinking about your investment activities in Spain, to what extent is each of the following an obstacle? Is a major obstacle, a minor obstacle or not an obstacle at all?

Long term barriers to investment



Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

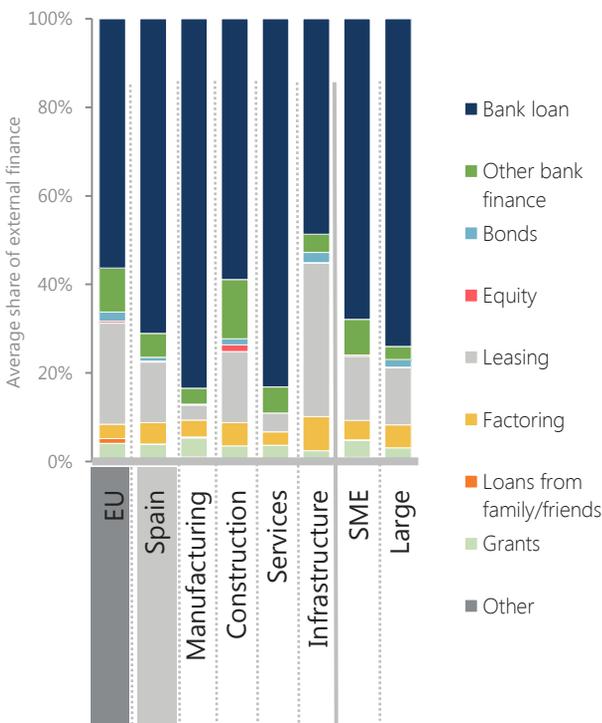
Q. Thinking about your investment activities in Spain, to what extent is each of the following an obstacle? Is a major obstacle, a minor obstacle or not an obstacle at all?

- The availability of external finance and the uncertainty about the future appear to be the main long-term barriers when distinguishing between firms that invested sufficiently and those which invested too little.

INVESTMENT FINANCE

- Around half of firms in Spain rely on internal funds to finance their investment activities (53%, less than the EU average of 60%).
- Bank loans are the most common source of external finance.
- Firms that used external finance are on balance satisfied with the amount, cost, maturity, collateral and type of finance received (though more are fairly rather than very satisfied).

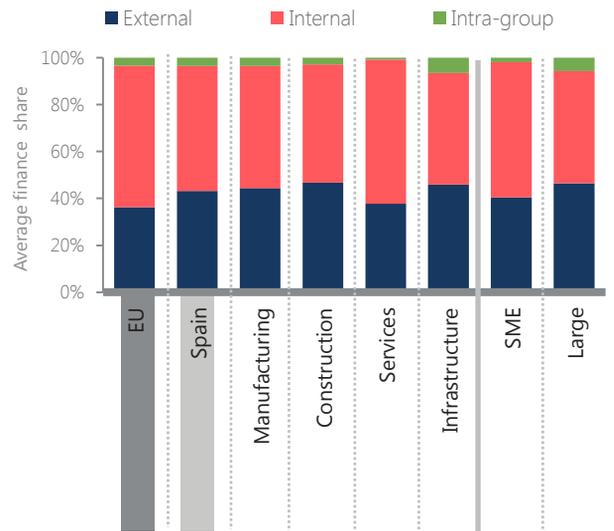
Type of external finance used for investment activities



Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Q. Approximately what proportion of your external finance does each of the following represent?

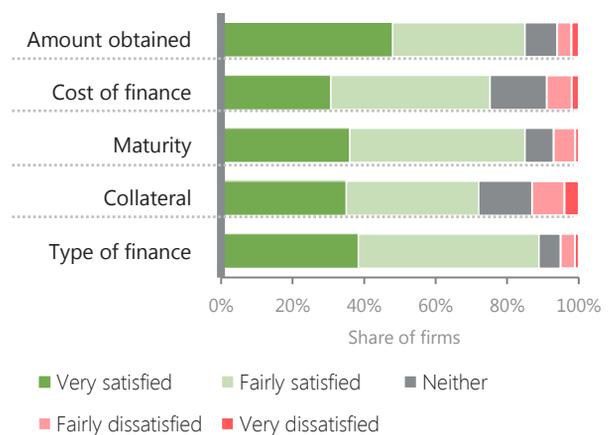
Source of investment finance



Base: All firms who invested in the last financial year (excluding don't know/refused responses)

Q. Approximately what proportion of your investment in the last financial year was financed by each of the following?

Satisfaction with external finance

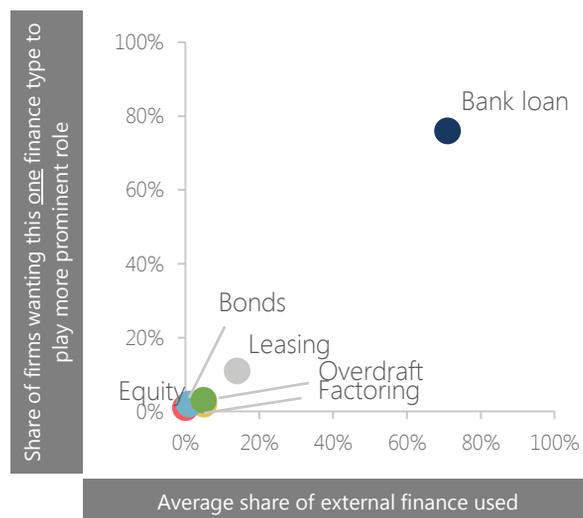


Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Q. How satisfied or dissatisfied are you with ...?

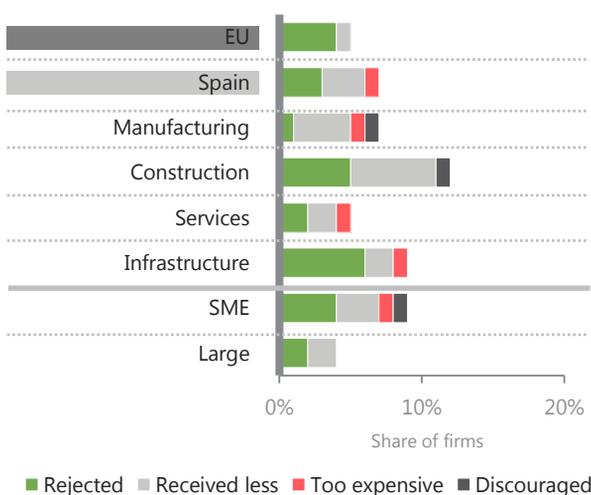
- Overall firms in Spain want more of the type of external finance they are already using.
- Seven per cent of firms in Spain can be considered as finance constrained, compared to 5% across the EU as a whole.
- Construction firms and firms operating in the infrastructure sector are more likely to be finance constrained than firms in other sectors.

Types of finance used versus the one type of finance firms want to use more



Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)
Data is derived from two questions: firms were first asked about the types of external finance used in the last financial year and then which one type of external finance they would want to have a more prominent role over the next 3 years

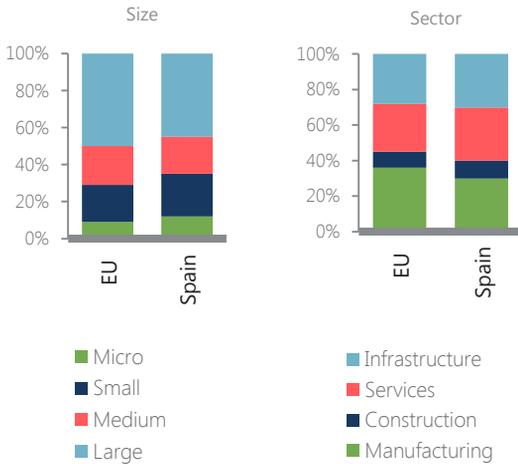
Share of finance constrained firms



Base: All firms
Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

PROFILE OF FIRMS

Contribution to Value-Added

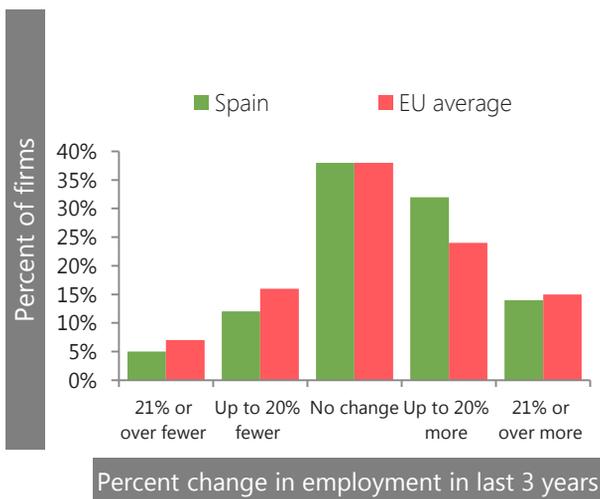


Base: All firms

The charts reflect the relative contribution to value-added by firms belonging to a particular size class / sector in the population of firms considered. That is, all firms with 5 or more employees active in the sectors covered by the survey. Micro: 5-9 employees; Small: 10-49; Medium: 50-249; Large: 250+.

- Compared to the EU average, the contribution to value-added in Spain is skewed towards SME firms, at the expense of larger firms.
- Manufacturing firms account for 30% of value-added in Spain, compared to 36% across the EU as a whole.
- Employment dynamics over the past three years are more favourable in Spain than the EU as a whole, as more firms in Spain have expanded than have contracted.
- Firms in Spain tend to have lower productivity than their EU peers. The gap is especially large in the construction sector.

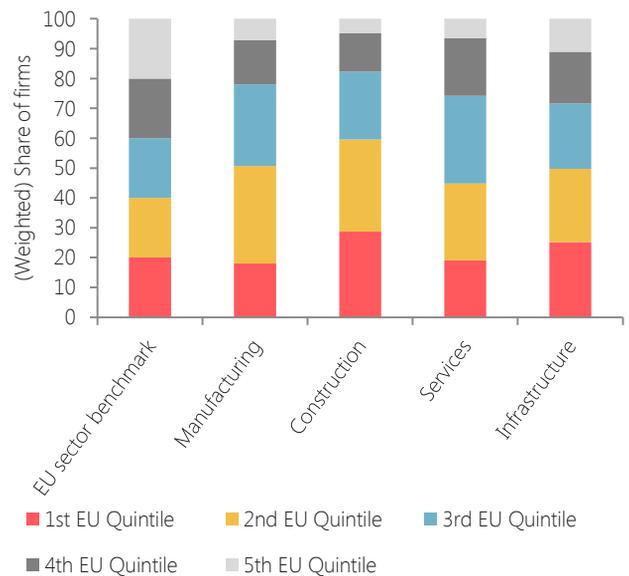
Employment dynamics in last 3 years



Base: All firms (excluding don't know, refused and missing responses)

Q. Thinking about the number of people employed by your company, by how much has it changed in the last 3 years?

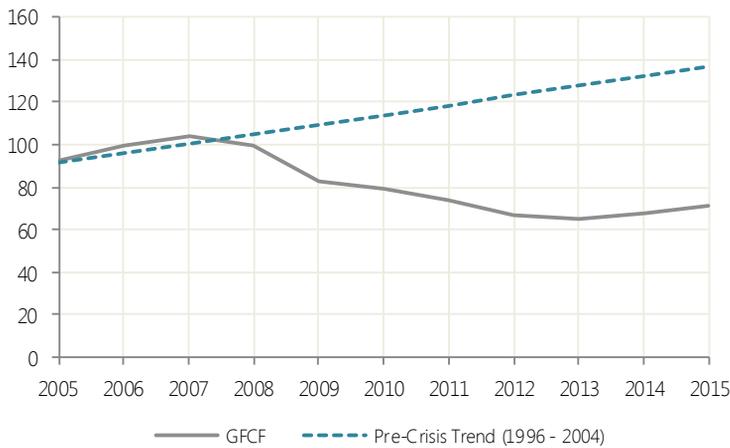
Within country productivity comparison



Share of firms by productivity class (Total Factor Productivity). Productivity classes are sector specific; they are defined on the basis of the entire EU sample (for a particular sector).

MACROECONOMIC INVESTMENT CONTEXT

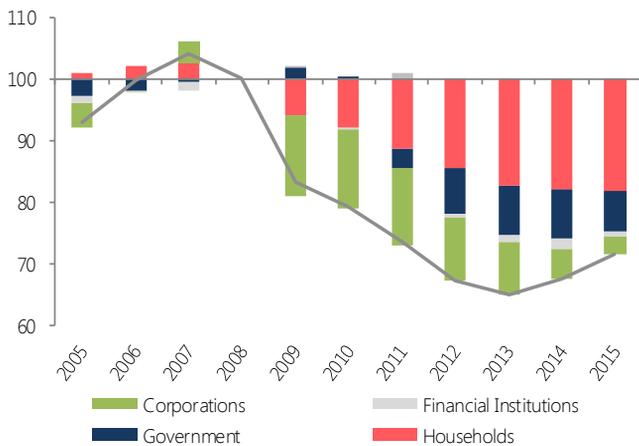
Investment Dynamics over time



The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); against the series 'pre-crisis trend'. The data has been indexed to equal 100 in 2008. Source: Eurostat.

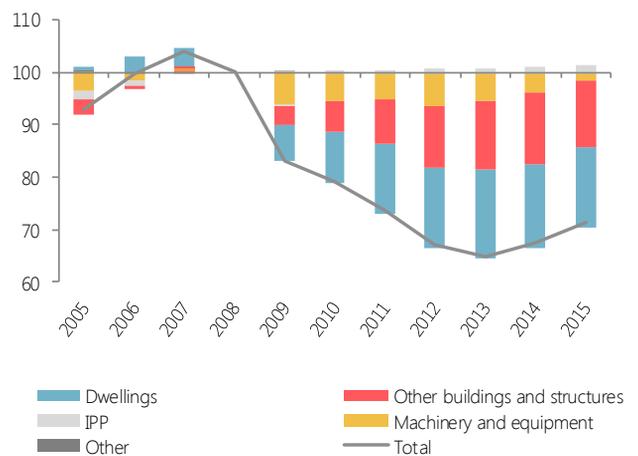
- In 2015, aggregate investment is around 30% below its 2008 level.
- The gap is even larger when extrapolating pre-crisis trend.
- The gap is mostly accounted for by lower households and government investment.
- In terms of assets, dwellings and investments in 'other buildings and structures' are the main contributors.

Investment Dynamics by Institutional Sector



The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); by institutional sector. The data has been indexed to equal 100 in 2008. Source: Eurostat.

Investment Dynamics by Asset Class



The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); by asset class. The data has been indexed to equal 100 in 2008. Source: Eurostat.

EIBIS 2016 – COUNTRY TECHNICAL DETAILS

The final data are based on a sample, rather than the entire population of firms in Spain, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

Approximate sampling tolerances applicable to percentages at or near these levels

	EU	Spain	Manu- facturing	Cons- truction	Services	Infras- tructure	SME	Large	EU vs Country	Manufacturing vs Construction	SME vs Large
	(12483)	(515)	(143)	(111)	(133)	(127)	(381)	(134)	(12468 vs 515)	(143 vs 111)	(381 vs 134)
10% or 90%	1.0%	2.5%	4.5%	5.1%	4.7%	4.8%	2.6%	4.4%	2.6%	6.8%	5.1%
30% or 70%	1.5%	3.7%	6.8%	7.8%	7.1%	7.3%	4.0%	6.7%	4.0%	10.3%	7.8%
50%	1.7%	4.1%	7.4%	8.5%	7.8%	7.9%	4.4%	7.3%	4.4%	11.3%	8.5%

Glossary

Investment	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
Investment cycle	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
Productivity	Total factor productivity is a measure of how efficiently a firm is converting inputs (capital and labor) into output (value-added). It is estimated by means of an industry-by-industry regression analysis (with country dummies).
Manufacturing sector	Based on the NACE classification of economic activities, firms in group C (manufacturing).
Construction sector	Based on the NACE classification of economic activities, firms in group F (construction).
Services sector	Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food services activities).
Infrastructure sector	Based on the NACE classification of economic activities, firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
SME	Firms with between 5 and 249 employees.
Large firms	Firms with at least 250 employees.

EIBIS 2016 – COUNTRY TECHNICAL DETAILS

Base sizes

Base definition and page reference	EU	Spain	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 3, p. 6, p. 7, p. 9, p. 11, p. 12, p. 13	12483	515	143	111	133	127	381	134
All firms (excluding don't know/refused responses), p. 2	11838	493	137	105	128	122	368	125
All firms (excluding those who have no investment planned/don't know/refused responses), p. 5	12159	506	142	108	129	126	373	133
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	12453	515	143	111	133	127	381	134
All firms (excluding don't know, refused and missing responses), p. 13	12162	504	139	107	132	125	375	129
All firms who invested in the last financial year, p. 2	12281	506	138	110	131	126	377	129
All firms who invested in the last financial year, p. 4	10881	439	128	90	110	110	319	120
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4	10060	410	120	86	100	103	303	107
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5	9682	395	120	78	95	102	286	109
All firms who invested in the last financial year (excluding don't know/refused responses), p. 10	9093	381	117	78	92	94	280	101
All firms who have planned to invest in the current financial year and who invested too much, about the right amount or too little in the last financial year (excluding don't know/refused/company didn't exist three years ago responses), p. 8	10536	451	N/A	N/A	N/A	N/A	N/A	N/A
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 10, p. 11	4344	239	78	51	56	54	165	74

Percentage rounding

Percentage with value of less than 0.5 but greater than zero has not been displayed in the charts.



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The EU bank

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