

# The war in Ukraine hinders growth for foreign investors in Spain

**84% of companies with foreign capital in Spain expect to maintain their investment in 2023. Far fewer expect to increase their turnover.**



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## [Foreign companies in Spain undeterred by high interest rates, polarization and geopolitical turbulence.](#)

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- **The war in Ukraine has affected the results of half of foreign companies operating in Spain, 88% of whom cited energy costs as a main cause.**
- **Foreign investors rate Spain 2.9 out of 5 as a place to do business, with infrastructure, market size and human capital key considerations for managers.**
- **91% of companies do not expect to reduce their workforce next year, a figure that coincides with that of the previous year. However, the number of organizations that plan to grow in personnel has declined from 47% in 2022 to 36% in 2023.**

The war in Ukraine has affected the results and performance of foreign companies established in Spain, although without actually reversing the positive trend that these companies report in investment, turnover, export volume and job creation.

The 15th edition of the [Barometer of the Business Climate in Spain](#) presents foreign business investors' perspectives on Spain. It was jointly carried out by the [International Center for Competitiveness \(ICC\)](#) of IESE – with Professor [Pascual Berrone](#) as director and Maria Luisa Blazquez as researcher and co-author of the report – together with ICEX-Invest in Spain and *Multinacionales por marca España*. The report finds that 75% of these foreign companies consider the war in Ukraine to have had a negative impact on their business in 2022. 50% said the impact was significant, and a mere 7% consider it to be negligible.

Many fingers point to increased energy costs as a main culprit (88% of managers surveyed). Additionally, 56% cite supply issues (which have been dragging on since the pandemic) and 41% have experienced problems with logistics and distribution.

Even so, 2022 closed with positive figures, and forecasts for 2023 suggest more of the same, albeit with continued uncertainty.

## **Perspectives on 2023**

Investment figures for 2022 and projections for 2023 remain positive in general, though lower than in 2021. 84% of companies surveyed plan to increase or maintain their investments this

year, compared with 88% in 2021. Only 21% believe the war has cost them clients.

Turnover is what is most affected by the instability. Though 83% of companies in Spain maintained or increased their turnover (one percentage point less than in 2021), this is expected to drop to 80% in 2023.

Employment is a sunnier prospect. Despite waves of layoffs worldwide, 91% of the companies surveyed anticipated maintaining or growing their workforce next year. However, a larger percentage than last year opted for the “maintain” option, and fewer companies are expecting to grow (from 47% in 2022 to 36% in 2023).

## Why does Spain appeal to foreign investors?

Foreign investors gave Spain a rating of 2.9 out of 5 (similar to its scoring in previous reports), with particularly high marks going, as in the past, to infrastructure. Market size and human capital were also cited as reasons for choosing Spain. Costs, particularly of energy, were seen as a setback in this iteration of the study. As elsewhere, these higher prices are partly caused by the war in Ukraine.

## Methodology, very briefly

The 15th edition of the Barometer of the Business Climate in Spain, prepared jointly by ICEX-Invest in Spain, *Multinacionales por marca España* and IESE's [International Center for Competitiveness](#), collects the opinions of 720 foreign companies on their economic activity in Spain in 2022.

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### MORE INFO:

[4 years of growth for foreign companies in Spain](#) covers the 10<sup>th</sup> edition of the report on foreign companies in Spain, from 2017.

[Nine out of 10 foreign companies renew their commitments to Spain](#) covers the 8<sup>th</sup> edition, from 2015.

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