Computer Software and Services in Spain--An Opportunity for American Investment

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LA ELIMINACION DE LAS FRONTERAS Y LA OPORTUNIDAD PARA INVERSION:
COMPUTER SOFTWARE AND SERVICES IN SPAIN-
AN OPPORTUNITY FOR AMERICAN INVESTMENT

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of the Requirements for the Distinction "All College Honors"
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by
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AN OPPORTUNITY FOR AMERICAN INVESTMENT

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Introduction

Opportunity is knocking at the doors of foreign investors who are seeking new markets for computer software and services. Spain's markets are particularly attractive to the foreign investor as the country makes significant strides toward economic growth and stability. The U.S. Department of Commerce International Trade Administration's 1992 Report states,

Spain's strong economic performance within the European Community (EC) since 1986 and attractive incentives have been successful in generating substantial investment spending, both by local and foreign investors (4).

These investments have partially fulfilled Spain's business needs. However, the country still is in dire need of technology, particularly computer software and services. This technology is essential to Spain's economic competitiveness within the EC. This need for technology creates an opportunity for the American vendor to take advantage of the potentially attractive market for the computer-based information technology. A move towards foreign investment, in turn, would enable an American firm's access to markets throughout the EC.

Spain is an economically stable country that provides a favorable environment for foreign investment. Presently, as a part of the European Community, the country is removing its
barriers to trade and investment and seeking major investments and new business. It is open to a variety of business proposals, thus making it an opportune time for American companies to enter the Spanish market through trade, joint ventures and direct investment. As a EC member, they are preparing for intense competition within the Single Market, and as a result they will need the high technology assets the American company has to offer.

Spanish companies actively seek technology and management expertise that will help them become more efficient and productive in the face of a very competitive EC Single Market environment (Double 12).

A recent article in *Business America* calls attention to Spain's heavy investment in information technology because of the competition within the EC.

The vulnerable markets to EC competition are machinery, basic chemicals, electrical, aviation, and telecommunications sectors. Spain has actively sought foreign investment, joint ventures, exports of high technology and capital goods to protect these vulnerable sectors (Bailey et.al. 12).

Due primarily to economic and political isolation under the Francoist regime until November of 1975, Spain has experienced significant economic growth in a very short period. The *1990 U.S. Department of Commerce Trade Administration Report* shows that in that year the country had
the fastest growing economy of the twelve EC countries (3). The 1992 report further states that from 1986-1990 Spain's economic growth averaged 4.5 percent of GDP; for 1991 and 1992 the economic growth was 2.5 and 3.3 percent of GDP, respectively (4). These economic factors contribute to Spain's stable economy by creating an attractive opportunity for the foreign investor.

**Significant Factors for Foreign Investment**

Trade and investment across borders are very complex processes which involve more than just the decision to sell a product internationally. Knowledge of numerous factors influence the success of the international business venture. Among these factors are: (1) a different form of government; (2) cultural aspects which come into play, including negotiation and business practice in Spain; (3) the current economic and political state of the nation; and (4) unfamiliar policies, documents, laws and regulations. All of these factors need to be considered in the decision-making process of a business venture in Spain.

**Spain's Political Make-up**

Spain is a unique country in that its Constitution of 1978 guarantees not only a constitutional monarchy, but also grants solidarity to all the autonomous regions. The new Constitution was approved by the Cortes and ratified by King
Juan Carlos in December of 1978. King Juan Carlos was appointed by Franco, who assumed that Juan Carlos would continue his policies. He instead established new laws in the Constitution which repealed all laws of the Franco regime and confirmed Spain as a constitutional monarchy. The Constitution guarantees the democratic functioning of all political parties and recognizes the right to autonomy of distinct regions in Spain (Hooper 43). Under a constitutional monarchy the King is the head of the state, symbolizing its unity. The Cortes holds the legislative power which is made up of two chambers, the Congress of Deputies and the Senate. The Spanish government includes a president, vice-president and ministers, all of whom are appointed by the King and answerable to Congress. Currently the PSOE (Partido Socialista del Obrero Español) is the majority party. Felipe Gonzalez has been president since 1982. King Juan Carlos has contributed significantly in bringing Spain to an economic level comparable to that of other EC nations. He is very popular and well-respected by the Spaniards primarily due to the progress Spain has made while he has been King. An example of his leadership is shown in his reactions to a February 1981 coup attempt. After Prime Minister Suarez resigned, the King appointed Sotelo to take his place. Rebel leaders tried to impose a military-backed government. The King’s support was exemplified by the majority of the military forces who
remained loyal. King Juan Carlos used his personal authority to put down the coup and it was over within eighteen hours.

Spain consists of seventeen different autonomous regions each of them having a distinct culture and customs. These autonomies include: in the north, Galicia, Asturias, Cantabria, País Vasco, Navarra, Rioja and Aragón; in the central part, Castilla-León, Madrid and Castilla-La Mancha; the east coast Catalunya, Comunidad Valenciana and Murcia; the west and south, Extremadura, Andalucía, and in the east off the coast the Islas Baleares and Canarias (See Appendix A). The structure of each of these autonomies is one of the most important issues of the Constitution of 1978. In its second article it states that solidarity among all of the autonomies is guaranteed, recognizing their languages, customs and the insoluble unity of each Spanish nation. The constitution establishes that Castillian is the official language of the State, although, other languages may also be official in the various autonomous communities. For example, catalán is spoken by 17 percent of the population in Catalunya, while seven percent of the population speaks Galician in Galicia. The right to speak one's own regional language, which was prohibited during the reign of Franco, is an important right valued by Spaniards of all autonomies. The two strongest nationalist movements are in the autonomies of Catalunya and País Vasco. Since the death of Franco and the approval of the Constitution, each region has acquired a degree of its
own rule. The populations of these two autonomies have never been asked to vote on whether or not to remain in Spain, and a majority in either region has never pushed for such a vote. The Madrid correspondent of the August 1992 Economist believes these regions have not pressed for independence for two reasons. One of these reasons being "the implicit threat contained in Spain's 1978 Constitution, assigns responsibility for safeguarding territorial integrity to the armed forces" (54). The correspondent refers to the situation in Yugoslavia where they experienced many failed attempts to keep unity. The reasons for these failures were due to the lack of armed forces they had available to keep their people together. The upsurge of independence in Yugoslavia appears to be a possible example for action for Catalunya and País Vasco, but the threat of Spain's strong organized armed forces to protect the unity of the country makes this case different than Yugoslavia. The second reason is that moderate nationalists have generally prevailed over radicals. These moderates see the long view of self-determination coming from the redrawing of the internal boundaries of a united Europe (54).

Even though these two autonomies have not pushed for a popular vote on independence, each region is strongly pressing for its home rule in other ways. Jordi Pujol is the head of the catalán nationalists, Convergence and Union and has won a significant amount of independence over the last 12 years.
Catalunya contains six million people, and represents 20 percent of Spain's economy and 30 percent of medium to large size Spanish companies. Catalan is one of the official languages of the autonomies and currently people are demanding that it be the dominant language spoken in the Senate. Pujol's aim is "to defend Catalunya within the framework of the Spanish State, "according to the April 1992 article in the Economist (16).

Due to the strong nationalist movement, Pais Vasco has had problems with terrorists. One group of terrorists in Catalunya, who caused a decade of violence, killing five people, finally disbanded in 1991. A similar terrorist group exists in Pais Vasco, but is much more extreme. Euskadi ta Askatasuna (E.T.A.), "Basque Homeland and Liberty," wants independence for Pais Vasco and see violence as the only way to get it. Since 1968, the number of victims has exceeded seven hundred. E.T.A. is a small isolated group, with little support from the Basque citizens. This is reflected in the 1988 pact of all political parties. In this pact 85 percent of the Basque voters voted against the violence. Jose Luis Corcuera, Spain's interior minister, sees this as the turning point in the struggle against terrorism. The police control of terrorist violence has been successful, especially with aid from France.

The collapse of the Soviet socialist revolution has discouraged the Basque movement ideology because of the
economic instability it has created. Xabier Azzallus, the leader of the Basque National Party questions the founding of a new state, "Why should we found a new state in the new Europe? The states will wither away" (17). The more significant challenge to these regions is resisting the danger of economic marginalization. They have their own parliament and police, and they control taxes and public spending. Both the autonomies, Catalunya and País Vasco are in conflict with Madrid. For example, Catalunya would like a larger percentage of its income tax. It currently pays a certain percentage to Madrid annually. Both Basque and Catalan nationalists are center-right parties which favor economic liberalism and would like to see fiscal reform and less government involvement in industry. If the three autonomies could form a coalition in Madrid, according to the correspondent from the August 1992 Economist, it might be a great opportunity for President Gonzalez, "Perhaps nationalist-conservative allies are exactly what Mr. Gonzalez needs to override his own party's left-wingers, and get on with a new round of reform (17).

Cultural Aspects

The actual contact with the people, culture, and traditions of Spain is a vital matter which requires research and study by any company interested in investing in the country. Fundamental aspects of Spanish culture include
Roman Catholicism as a way of life for many Spaniards. The Catholic religion is most evident in popular rituals and traditional social events, such as the processions of Semana Santa (Holy Week). Common gatherings at tapas bars and cafes for business and pleasure are daily social activities. A characteristic of Spanish culture, which is different in the American business world is a much more relaxed pace of conducting businesses. Strong regional differences are evident in the seventeen different autonomies. The fact that each autonomy maintains its own distinct culture, traditions, languages, and dialects are other important factors to be aware of for business practices. For example, when conducting business between Barcelona and Seville, Barcelona might send commercial documentation in Catalan which would need to be translated into Spanish upon arrival in Seville (Appendix E).

It is also vital to be knowledgeable of the many "do's and taboo's" of doing business in Spain. To be successful, face-to-face meetings with the investors' distributors or direct clients is a given. When dealing with companies in a foreign country, particularly European countries, the person with whom the European company is negotiating is the most important—the company itself is secondary. These actions, which might seem insignificant to the American doing business in Spain, are a part of the entire process of successful business relationships in that country.
Spain's Current Political and Economic Situation

Spain is not yet at the level of economic development of its EC partners, but it has made significant economic progress since 1975 and the end of the Francoist regime. An example of this growth is in the infrastructure, including the building of many new roads and telecommunication systems. These improvements were done in preparation for the 1992 World's Fair Exposition in Seville, the summer 1992 Olympic games in Barcelona, and the recognition of Madrid as the cultural capital of Europe for 1992. The Spanish economy currently suffers from inflation and a trade deficit. Presently, the government is attempting to counteract these problems with tight monetary and fiscal policies. The Spanish plan to control the deficit is being accomplished by controlled government spending. Government consumption is being curbed by the reduction of the budget which will aid in the decrease of inflation. Social programs are being cut, particularly the employment and health care programs. The 1992 U.S. Department of Commerce International Trade Administration's Report states that by 1996, the Spanish government hopes to cut the current 4.4% of GDP deficit to 1% (3). These costs are important economic factors to consider for the foreign investor because the purpose of the economic measures are to avoid an economic crisis of high inflation and unstable economic conditions. In the long-run, these measures are necessary for growth and greater production which will
increase Spain's export capacity.

The government officials realize that to put Spain at a similar economic level of other EC members, such as Germany, France or Great Britain would take a great amount of sacrifice. In an *International Herald Tribune* article, President Felipe Gonzalez is quoted as saying, "We must not deceive ourselves about the effort of discipline that will have to be made in nearly every sector" (Dale A4). Spanish officials acknowledge that their country needs to make a strenuous effort to align itself with the richer EC member countries (See Appendix B).

Politically, Spain has an election which will take place next month, in June, 1993. President Felipe Gonzalez will face two different policy issues: 1) implementation of a convergence plan and 2) autonomies' demands for a greater degree of home rule.

Spain has been preparing to meet the convergence criteria set by the Maastricht Treaty. The convergence criteria sets certain targets (i.e. inflation rate, budget deficit and currency) that countries should reach if they are to be allowed in the EC Monetary Union in 1997. According to the 1992 April *Economist*, Spain currently passes only one of the five Maastricht tests (See Appendix C). The five tests require a country to be in a particular range in each of the following areas: 1) inflation, 2) long-term interest rates, 3) the budget deficit, 4) public debt and 5) currency (S13).
Spain only passes the test on public debt; all other areas need to be addressed by certain economic measures which are outlined in Spain's convergence plan. The fight against inflation is currently being handled by a tight monetary policy. Inflation has dropped slowly, states the Economist, "from 5.9% in 1991 to 5% in 1992, but it is still above the EC average" (S13). The Spanish government finalized its convergence plan in March of 1992. The three measures that compromise the plan are: 1) a freeze on health spending and on subsidies to state companies; 2) restrictions on the entitlement to unemployment pay; 3) an extension of the period for which employers can keep workers on temporary contracts. Mr. Solchaga, Spain's finance minister, says a series of reforms will start in the spring of 1993, "And that's going to lead to social problems. The unions won't accept the reforms easily" (S14).

The main opposition to the convergence plan is the strong labor unions and the leftist faction of the Partido Socialista del Obrero Español (PSOE), the Spanish Socialist Workers' Party. The PSOE is upset with the measures taken in order to make Spain more competitive. These measures include: social-spending cutbacks, the reform of the labor market and the deregulation of the service sectors. Their strikes have had little effect in influencing the government's actions. The government is standing firm on its stance for a tight monetary policy. Its purpose is to meet the convergence
targets for the EC’s Economic and Monetary Union (EMU) by 1997. On the other hand, Gonzalez has the backing and respect of two important center-right nationalist parties -- Partido Nacional Vasco, the Basque Nationalists Party (PNV) and Catalunya’s Convergència i Unió, Convergence and Union Party (CiU). The government’s plans are to grant more freedom to the autonomies. However, other autonomies feel that they deserve similar benefits may present their demands in the near future.

EC Access and Advantages for American Software Companies

Currently, Spain’s strong economy makes it a very desirable country in which to invest and to do business. By comparison, the former Eastern Bloc countries are less desirable because of the unstable economic conditions that exists there. Spain’s strengths rest on its well-developed infrastructure, location and skilled labor force. Its rate of sustained economic growth has been second only to Japan, and it is the eighth largest market-based economy in the world, surpassing Canada during 1990 (Double 7). According to the Organization for Economic Cooperation and Development (OECD), the economic outlook for Spain will be strong economic growth and reduced unemployment through the next year if it caps inflation and tightens its budget. The OECD, an economic forum of developed industrial nations, praised
Spain for cooling its overheated economy last year through a tight monetary policy (Holman A8).

By investing in Spain, the American investor is entering a vast market of opportunity. If the American software companies take advantage of this opportunity, they will not only benefit from business in Spain, but Spain can serve as the vendors' springboard into the other markets in the EC. Legally, the harmonization of the European Community will have a great impact on the American investor in Spain because the laws are more uniform and will allow for easier business transactions throughout the EC.

**Market Analysis**

We have established that Spain has a stable economy, is a politically sound country, and is currently seeking computerized information technology. Thus, the opportunities in the Spanish market for computer software companies are numerous. It is an opportune time for the American software companies to take advantage of the demands of the market.

Specific information about the Spanish market for computer software was difficult to find. Therefore, the market will first be discussed in terms of the EC as a whole. Following, we will discuss the Spanish market for prepackaged software in terms of growth, the purchasers and the demand the American products.

In the EC the breakdown of the computer software market is in three main categories: software packages, customized software and data processing and network services. 42% of the market sales are from software packages, 35% from customized software, and 20% from data processing and network services. The highest rate of growth in sales, according to the Panorama of EC Industries 1991-1992, is in the network services and software packages arena (30-14).

According to the Embassy in Madrid, the Spanish market for prepackaged software increased almost 40 percent in 1990 to $888 million. Imports grew over 73 percent reaching $320 million. These growth rates are expected to moderate in the next three years, stabilizing in 1993 in the 15-18 percent range (Lopez 1). Spain will remain one of the fastest growing markets for prepackaged software. The main customers are the government and large companies, but the demand should increase among small and medium-sized firms, particularly in these areas: manufacturing companies, retail shops, home users and small service firms. Other evidence of the increase in demand for software is the demand for computers.
Spanish companies have been buying computers in ever-increasing numbers. IBM, a company that still has the largest market share in the country, is the main distributor. An article from *Electronics* states, "P.C.'s and workstations from a wide variety of makers are selling like proverbial hotcakes" (Fletcher et. al. 29). There are one half million small companies in Spain with less than one hundred employees, each are opportunities for software and services vendors because of the migration from office systems to P.C. networks. The increase in computer sales and information technology reflect the industries' quest for better quality to compete on the level of other EC members.

The government is the largest purchaser of software and accounts for 25 percent of all purchases. According to the report from the Embassy in Madrid the government was expected to have the second largest increase in demand through 1992 (3). Within the government sector, the regional governments, are expected to be the most active buyers in the next three years. A typical government data processing department spends eight million dollars on average per year in equipment, software, and personnel. The government selects the software to be purchased through an approved list of packages and suppliers which is prepared by the Ministry of Economy. In order to become a supplier to the government, the American investing firm should have their name added to the list. The June 1991 Embassy report states that the list
is updated every year and includes a request for terms and conditions announced in the official State Gazette (Boletín Oficial del Estado) (3).

Following the public sector, the banking sector is the second largest purchaser of software, and was the first to computerize its activities. $2.8 million is spent per year by a typical bank data processing department on equipment and software.

Although the big accounts from the government and banking sectors will continue to dominate the market demand, industry experts believe that an important increase in demand will come from small-and medium-sized companies. These companies include small retail shops, home users, and small service firms. They are expected to be active purchasers in the next three years.

These firms will contribute to an increase in demand because they need to computerize activities in order to become more competitive. According to a market report from the American Embassy in Madrid, market analysts have surveyed the extent of computerization that has taken place within the majority of companies and organizations. The results follow:
<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>PERCENT COMPUTERIZED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>100%</td>
</tr>
<tr>
<td>Billing</td>
<td>85%</td>
</tr>
<tr>
<td>Payroll</td>
<td>84%</td>
</tr>
<tr>
<td>Clients</td>
<td>81%</td>
</tr>
<tr>
<td>Cash</td>
<td>76%</td>
</tr>
<tr>
<td>Purchasing</td>
<td>70%</td>
</tr>
<tr>
<td>Sales</td>
<td>69%</td>
</tr>
<tr>
<td>Access control</td>
<td>40%</td>
</tr>
<tr>
<td>CAD/CAM/CIM</td>
<td>24%</td>
</tr>
</tbody>
</table>

"The Prepackaged Computer Software Market in Spain"  
June 1991 (Lopez 3)

This survey points out the already saturated markets, represented by the activities which are over two-thirds computerized. The trend to become more technologically advanced is exemplified by the majority of companies who now have all of their accounting, billing and payroll activities over 75% computerized. The trend has only begun and there are still many areas of opportunity for computerization. The areas which offer the greatest opportunities for the implementation of more software are the manufacturing sector, and the purchasing and sales activities in the retail sector. The manufacturing industries of textile, shoes and steel have been particular areas slow to modernize. These areas will require computerization in order to become more competitive and could benefit from the use of software for CAD/CAM/CIM activities (Dale A4).

Textile and automotive manufacturing companies have also increased demand for computer software as they strive to be more competitive. A recent article in Electronics states that engineering still drives the market, with automotive
companies trying to keep up with Japanese competition (Fletcher et. al. 29). Tim Nolte, a market and business-planning analyst at Hewlett-Packard Co. says, "Renault, Peugeot, Fiat, and Spain's Seat are all investing heavily" (Fletcher et. al. 29). Dataquest Inc. analyst, Francois Rioux, observed that the demand for better quality in textiles forced companies to invest highly in more sophisticated computer equipment. The companies are flourishing because they are demanding better computer-aided design (CAD) systems. The use of these systems are growing significantly in this industry. Rioux goes on to say, "Interestingly enough, Spain is buying proportionally more (Intel 80486-based) computers than any other country in Europe. They go from lower levels right up to the top" (Rosenbaum 12). An IBM executive explains, "There is little consumer electronics manufacturing and just a fledgling computer industry" (Rosenbaum 12).

Some specific software products in demand in Spain, according to the June 1991 report from the Embassy in Madrid, are in multi-user versions (groupware), security software for all sectors, Communication software, CAD/CASE, and versions for UNIX (specialty word processing packages) (Lopez 2).

U.S. Participation in Spanish Market for Software

Over half of total imports in Spain are U.S. origin software packages. This predominance of the market is shown
in software packages for operating systems, word processing, spreadsheets, and data bases. The well-known firms established in Spain are Microsoft, WordPerfect, Ashton Tate, Lotus, SPI, Borland, Autodesk, Oracle, Wordstar, Aldus, and Informix. The better known local companies are Logic Control, CCS, Dimoni Software, and JS Software. According to the market report from the American Embassy in Madrid, the only non-American company mentioned by industry experts as being well-known in the Spanish market is GSI of France. There are no other European companies firmly established there (Lopez 4).

Fortunately for American companies, American-origin software packages hold a very strong position in the Spanish market, accounting for 53% of the software imported in 1990. The next competitor is Ireland with ten percent, followed by Great Britain with seven percent, and France and Germany, both with five percent market share (See Appendix D).

The industry experts, in a report from the Embassy in Madrid, feel the American software packages receive great receptivity from Spanish end-users because the product is considered to be error free, reasonably priced, and the most technologically advanced. Most of the software development which is done by local developers is based on U.S.-origin packages (Lopez 3).
Competitive Factors

According to the report from the American Embassy in Madrid, industry experts feel American software companies can improve their position in the Spanish market by releasing Spanish language versions of new programs and updates as soon as possible (Lopez 4). Currently American software companies don't have to do much to increase their market share, however, in order to continue to remain competitive in the future it is important to be aware of competitive factors. These factors are possessing strengths in technical innovation, product reliability, massive advertising, and good distribution networks.

Other issues to be aware of to gain market access are translation of software, import classifications, protection and distribution. In Spain the translation of software is a necessity for standard, mass market packages. There are a few professions where English is used at a working level, including research, engineering, architecture, and international trade. These end-users do not require Spanish translations, although it is advantageous for a company to translate.

To keep up-to-date on the latest innovation and new products, there is an American specialized publication which serves as the source of information for the local industry experts. The Spanish computer magazines published contain translated articles from U.S. Publications. Spanish end-users
have strong product loyalty, they rarely change to another package even if it has the reputation of outperforming their current one (Lopez 5). Since most of the Spanish companies buy American-origin software, the American software companies obviously hold a competitive advantage.

**Competition -- Local Computer Software Vendors**

There is a strong demand for American products, however, competition still exists at small and large scale levels. The small scale competition includes the local development and production of software by small companies, 40 of whom are known nationally. According to the Embassy report from Madrid, they satisfy most of the market demand for applications for companies such as hotels, pharmacies, city governments, and most applications for specific functions, such as financial and inventories. These companies are currently working on updating financial software because of recent changes in Spanish accounting regulations. Another important task performed by these companies is adapting imported software tools to specific local needs. These local firms satisfy most of the industry-specific demand because of their strengths which lie in their local knowledge of legal requirements and industrial needs (3).
Large Scale Competition

Currently, Spain has very few large computer software vendors, however, there are a few who are aware of the market demand and their opportunity for success. CAP Gemini Sogeti and Digital Equipment Corporation (DEC) are two examples of large companies who realized the need for technology in Spain and are responding by satisfying the demand.

CAP Gemini Sogeti, Europe's biggest software and services firm has recently experienced a slowdown in the software and services industry which has normally been recession proof. Their revenue was up a 5.4 percent to $1.78 billion, however, the CEO had projected a goal of 30 percent average yearly growth. This slowdown occurred while CAP was broadening its services doing everything from consulting and software development to systems integration and facilities management. The slowdown has caused CAP to rethink their methods of working with customers. They are working more closely with the customers, and they are reacting quickly to their problems. The customers are cutting costs which is exemplified by their concentration on smaller contracts which are likely to produce fast returns. According to the article in Datamation, their plans for 1992 were to turn their attention to markets where CAP Gemini presence is weak, particularly in Spain and other smaller European countries (Guterl 71).

Digital Equipment Corporation (DEC) is another firm who
is investing in minicomputers and software and consulting, by acquiring Philips Electronica and concentrating their efforts in Spain. They recently purchased Philips for $1 billion in hope of rekindling the Europe operations since revenue growth slipped to 14 percent from 25 percent in late 1989. A Business Week article stated DEC's plan to turn Philips minicomputer business into a reinvigorated distribution network based on Philips customers in small retail banks, and in Austria and Spain, where DEC's current presence is minimal (McWilliam 36). By developing a new customer base, DEC will move away from slow-selling minicomputers. They will sell software and consulting services in place of minicomputers as a result of companies switching from Philips mini line to DEC machines.

Minnesota-Based Software Company Ventures

There are a few of Minnesota-based companies who have taken advantage of this market opportunity in computer software and have reaped the benefits. Examples from the Minneapolis/St. Paul area are Blueline Software, Inc., DataMyte Corporation, and Itasca Consulting Group, Inc.

Ron Cherkamp, the head of Spanish operations at Blueline Software, Inc., described Spain as an upcoming market, "It is very progressive and there is a strong demand for computers." Blueline designs software for mainframe computers and sells the products to a Spanish distributor. The distributor then
sells the products through its various distribution outlets. The main outlets are Madrid and Barcelona. Since Spain's income is not at the level of the other European countries, Blueline had to adjust their price accordingly by lowering it. Their distributor sells all products, and Blueline provides the training on how to operate services. The standard instruction books are translated by the distributor. Cherkamp stressed the importance of face-to-face selling--he sees his distributor at least five to six times a year.

DataMyte Corporation has invested its efforts in selling software to the manufacturing industry, particularly in automotive parts, which can be produced cheaper in Spain. The business' focus is to design software for quality control manufacturing. Spain's product industry is growing and is currently one of the company's most successful markets.

Itasca Consulting Group, Inc. sells geo-technical software. Its main customer is the public sector, the government and universities. The company has found Madrid to be a very successful marketplace. Its main distributor is located in Madrid, but new markets are opening up in other regions, particularly in the north where the mining industry is present. All three businesses agreed that there is a strong demand for computer software and that Spain is a progressive market.
Market Entries

Once the decision is made to take advantage of foreign investment in Spain, the method of entry is a contributing factor to the investor's success. In the computer software and services industry, there are different processes one could follow. Initially, one of the easiest ways to enter the market is through a distributor. In the Spanish market there are a series of regional markets which are joined to two major import hubs, Madrid and Barcelona. The Madrid hub serves central, southern, and western parts of Spain; Barcelona serves the north and east, and overlaps in Zaragoza, Bilbao, Valencia, and las Islas Canarias. The industrial centers include Valencia, Sevilla, Zaragoza, Málaga, Bilbao, Las Palmas (Islas Canarias) and Valladolid.

Most of the international software companies have subsidiaries in Spain. These firms have distributors and also sell directly to large accounts. Software translations into Spanish are usually done in the U.S. or the third country. They are then shipped to the Spanish subsidiary. There are 4,000 outlets which also sell computers and offer related services as well as distribute software packages to end-users. Newly started businesses usually appoint an exclusive master distributor, either at a national level or for particular regions. The key in benefiting from a successful business relationship with a distributor is to appoint a competent agent or distributor. To be effective
the subsidiary would be the most competitive in Madrid or Barcelona.

The legal aspects of the principal-agent relationship are regulated by Spanish civil and commercial codes. The duration of the distribution agreement, between one to five years, depends on the type of product and level of investment required by the distributor. The distributor may provide the services of adaptations of the products for local markets and preparing manuals in Spanish. A normal practice stated in the distributor contract is setting sales objectives.

Another financially beneficial way of entry is through a joint venture, a dual relationship between an American and Spanish company. Particularly in the technology industry, Spain looks to the U.S. as a leader for high technology products and complementary services. These joint ventures help to improve and enhance Spain's technology and the quality of organization of its management. This will enable the country to compete at a level equal to that of the strong economic powers of the EC.

Manuel Mencia, a chief international representative of the Florida Department of Commerce advises companies on how to access the Spanish market.

Traditionally it has been a hard market to penetrate, especially for U.S. marketers. It's difficult because the Spanish market is segmented and regional. A marketer has to address the
different customs and habits of the different regions (Wagner 12).

Mencia, through his experience, has formulated suggestions for the method of entry and other factors he feels are important to becoming successful. He suggests that an American company consider a joint venture, as he feels it might be a strategy of least resistance to one's product. He also stresses the importance of an agent and thorough understanding of the culture of the different autonomous regions. For example, Mencia's understanding of the culture is that, "The reliable Spanish mail system which may or may not deliver one's documents before the cargo arrives at customs, another suggestion to plan ahead; because a business's product may be sitting in customs because of paperwork or slow efficiency, one needs to allow for adequate time. It is also very expensive to call long distance from Spain to the U.S. and Spanish business people will probably wait for the vendor to continue calling until s/he reaches them" (Wagner 12).

Legal Protection of Software

Specific laws that legally and commercially protect the software industry are stated in the EC Software Directive. This directive is designed to provide consistency among member states' copyright laws. Examples of these laws are the classification of software as literary work, a common
term of protection in accordance with the other EC members, a definition of originality, etc. In 1989, Spain enacted a law of intellectual property protection. Under this law, copyright protection is focused on computer software programs and subsequent and derivative programs. The law imposes strong fines and imprisonment for offenders. These efforts have influenced the reduction in sales of illegal programs. According to the American Embassy in Madrid, "In the third quarter of 1990, 157 large end-users contacted the associations, Business Software Alliance (BSA), a combined Washington based group and Spanish organization, for counseling to legalize their software and to buy legal copies of software. In addition, 37 software distributors have committed themselves to distribute legal programs only" (Lopez 1).

Software piracy, previously a serious problem in Spain, has been remedied through the formation of two separate organizations that work together to prevent the illegal activity. Business Software Alliance (BSA), Asociación Española de Empresas de Informática (SEDISI) were both formed in 1988. By March of 1991, they were investigating more than 200 Spanish companies. This is a step in the right direction to create a safe, competitive atmosphere for companies participating in the computer software market.
Customs Requirements

Software is classified by customs under the terms technical assistance or technology transfer or product. By classifying software under the first two terms, customs require a withholding tax of ten percent. The ten percent is deducted by the Spanish bank when making payment to the supplier in the United States. The U.S. supplier should provide the Spanish importer with a statement issued by the U.S. Internal Revenue Service indicating that for tax purposes the supplier is a U.S. resident. The latter classification of "product" is charged 12 percent VAT and zero customs duty at entry.

The EC member states are joined together by common external tariffs applied to goods from non-member countries and by reduced tariffs within the EC to create a more free movement of goods. The non-member country imports are dutiable according to the common external tariff (CXT or CET) and Common Customs Tariff (CCT), a list of common tariffs placed on various goods by all member states. The tariff rates for manufactured goods range from 5% to 17%. Member-country government officials are responsible for the enforcement of trade policies and the appropriate tariffs applicable to the investor conducting business in a particular member country.
Conclusion

There are various groups available to assist American companies who choose to invest in Spain, especially in the area of joint ventures. The Instituto Nacional de Industria (INI) promotes foreign investment and new technology, and it can offer a foreign investor direct access to the market and its established market overseas. Another group, Sociedades de Desarrollo Industrial (SODI), promotes industrial development in order to foster private enterprise. They offer incentives and services such as capital participation, long-term loans and guarantees, consulting services and legal and financial advice. The Empresa Nacional de Innovación, S.A. (ENISA) supports innovative activities in potential markets and products and helps in the development of new technologies. ENISA also assists in the creation of joint ventures and provides venture capital to companies already existing in Spain. The Centro para el Desarrollo Tecnológico Industrial (CDTI) facilitates cooperation between companies and research and development centers, both foreign and domestic. These groups can be contacted through the American Embassy in Madrid or the Spanish Embassy or consulates in the U.S. which have a "Spanish Gold Key" program for potential foreign investors. The Gold Key service is effective service to help the investors in these areas: direct export sales, agent/distributor search, selection of licensees and/or joint venture partners, or familiarization with intricacies of the
Spanish market. The International Trade Association states that Spain has been averaging 40 Gold Keys a year and have been 100 percent effective in meeting the objectives of the U.S. business persons. These resources for the foreign investor are very helpful and may be the key factors to a successful foreign business venture in the country (See Appendix F for more organizations).

There is an economic opportunity currently available in a country which is growing independently stronger. To enhance the country’s growth, Spain seeks the high technology and computer software expertise of other countries in order to be able to compete with member nations in the EC. It is an opportunity for a low-risk venture, as Spain has a stable economy, although not to the extent of self-sufficiency. The expertise of computer software and services companies is fundamental to Spain’s competitiveness in the EC. It is a matter of choice and risk which if taken, has the potential outcome of a successful business venture, leading to direct access in the European Community for the American investor.
APPENDIX A

SPAIN -- DIVIDED IN THE SEVENTEEN AUTONOMOUS REGIONS (INCLUDING DISTRIBUTION OF POPULATION)

SEVENTEEN AUTONOMOUS COMMUNITIES

Twelve socialist governments, three conservative ones of Popular Coalition and two nationalists make up the political map of the Autonomous States.
APPENDIX B

EC OBJECTIVES FOR DEVELOPMENT IN AREAS OF CONCERN

Structural policy objectives

Objective 1  Promoting the development and structural adjustment of regions whose development is lagging behind.

Objective 2  Conversion of declining industrial regions.

Objective 3  Combating long-term unemployment.

Objective 4  Integration of young people into working life.

Objective 5a  Adjustment of production, processing and marketing structures in agriculture and forestry.

Objective 5b  Development of rural areas.

In conjunction with the 1988 reform of the structural Funds, the financial resources for Community structural policy are being increased year by year from about ECU 7,000 million in 1988 to almost ECU 14,000 million by 1993. The extra funds are earmarked principally for regions falling under Objective 1:

Spain  Andalucia, Asturias, Castilla y Leon, Castilla-LaMancha, Ceuta y Melilla, Comunidad Valenciana, Extremadura, Galicia, Canary Islands, Murcia.

France  French overseas departments, and Corsica.

Greece  Whole country.

Ireland  Whole country.

Italy  Abruzzi, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia, Sicily.

Portugal  Whole country.

United Kingdom  Northern Ireland.

Community regions entitled to assistance under Objectives 1, 2 and 5b

Objective 1

Objective 2

Objective 5b

Breakdown of the structural Funds between Member States by objective, 1989-93

Community operations supplement measures adopted by Member States, or contribute to their implementation. They are carried out in partnership between the Commission, the Member States and local organizations. The Commission submits an annual report to the European Parliament, the Council and the Economic and Social Committee on the measures taken to achieve the five objectives.

The objectives of the Community's structural policy are laid down in the framework Regulation adopted by the Council on 24 June 1988 (OJ L 185, 15, 7, 1988), which came into effect on 1 January 1989.
EC'S FOCAL AREAS OF IMPROVEMENT TO MAKE INDUSTRIES COMPETITIVE
(Enabling technologies accounts for 54.5% of budget.)

EC-research: framework programme 1990–94

<table>
<thead>
<tr>
<th>Focal areas</th>
<th>million ECU</th>
<th>Proportion of total budget (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. Enabling technologies</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Information and communications technologies</td>
<td>2221</td>
<td>38.9</td>
</tr>
<tr>
<td>Information technologies</td>
<td>1352</td>
<td></td>
</tr>
<tr>
<td>Telecommunications</td>
<td>489</td>
<td></td>
</tr>
<tr>
<td>Development of technological systems of general interest</td>
<td>380</td>
<td></td>
</tr>
<tr>
<td>2. Industrial and materials technologies</td>
<td>888</td>
<td>15.6</td>
</tr>
<tr>
<td>Industrial and materials technologies</td>
<td>748</td>
<td></td>
</tr>
<tr>
<td>Measurement and testing</td>
<td>140</td>
<td></td>
</tr>
<tr>
<td><strong>II. Management of natural resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Environment</td>
<td>518</td>
<td>9.1</td>
</tr>
<tr>
<td>Environment</td>
<td>414</td>
<td></td>
</tr>
<tr>
<td>Marine science and technology</td>
<td>104</td>
<td></td>
</tr>
<tr>
<td>4. Life sciences and technologies</td>
<td>741</td>
<td>13.0</td>
</tr>
<tr>
<td>Biotechnology</td>
<td>164</td>
<td></td>
</tr>
<tr>
<td>Agricultural and agroindustrial research (including fisheries)</td>
<td>333</td>
<td></td>
</tr>
<tr>
<td>Biomedical and health research</td>
<td>333</td>
<td></td>
</tr>
<tr>
<td>Life sciences and technologies for developing countries</td>
<td>111</td>
<td></td>
</tr>
<tr>
<td>5. Energy</td>
<td>814</td>
<td>14.3</td>
</tr>
<tr>
<td>Non-nuclear energies</td>
<td>157</td>
<td></td>
</tr>
<tr>
<td>Nuclear fission safety</td>
<td>199</td>
<td></td>
</tr>
<tr>
<td>Controlled thermonuclear fusion</td>
<td>458</td>
<td></td>
</tr>
<tr>
<td><strong>III. Management of intellectual resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Human capital and mobility</td>
<td>518</td>
<td>9.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5 700</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

APPENDIX C

EC'S MEMBERS STATUS IN OBTAINING CONVERGENCE GOALS

<table>
<thead>
<tr>
<th>Country</th>
<th>Inflation rate</th>
<th>Long-term interest rate</th>
<th>Budget balanced</th>
<th>Public-sector deficit</th>
<th>Public-sector debt</th>
<th>Currency score</th>
<th>Criteria satisfied?</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>3.0</td>
<td>8.5</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes yes yes 5</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>2.9</td>
<td>8.1</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes yes yes 5</td>
</tr>
<tr>
<td>Denmark</td>
<td>2.1</td>
<td>8.5</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
<td>yes yes no 4</td>
</tr>
<tr>
<td>Britain</td>
<td>4.1</td>
<td>9.9</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>yes yes no 3</td>
</tr>
<tr>
<td>Germany</td>
<td>4.7</td>
<td>7.8</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>yes yes yes 3</td>
</tr>
<tr>
<td>Belgium</td>
<td>2.7</td>
<td>8.6</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>yes yes yes 3</td>
</tr>
<tr>
<td>Ireland</td>
<td>3.6</td>
<td>9.0</td>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>yes yes yes 3</td>
</tr>
<tr>
<td>Holland</td>
<td>4.4</td>
<td>8.1</td>
<td>yes</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>yes yes no 2</td>
</tr>
<tr>
<td>Spain</td>
<td>6.8</td>
<td>10.9</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no yes no 1</td>
</tr>
<tr>
<td>Italy</td>
<td>5.5</td>
<td>12.4</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no no no 1</td>
</tr>
<tr>
<td>Greece</td>
<td>17.8</td>
<td>20.8</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no no no 0</td>
</tr>
<tr>
<td>Portugal</td>
<td>9.6</td>
<td>13.6</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no</td>
<td>no no no 0</td>
</tr>
</tbody>
</table>


EC'S CONTRIBUTION TO INTERNATIONAL TRADE IN 1989

Europa: socio del mundo
La Comunidad Europea, principal potencia comercial del mundo

Porcentaje de participación de los principales países en el comercio mundial* (1989)

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>CE</td>
<td>16.2</td>
</tr>
<tr>
<td>Estados Unidos</td>
<td>15.6</td>
</tr>
<tr>
<td>Japón</td>
<td>15.6</td>
</tr>
<tr>
<td>URSS</td>
<td>7.1</td>
</tr>
<tr>
<td>Canadá</td>
<td>3.8</td>
</tr>
</tbody>
</table>

* Excluido el comercio entre los Estados de la Comunidad
APPENDIX D

GROWTH OF TYPES OF SOFTWARE AND RELATED SERVICES IN THE EC

STATISTICAL DATA OF THE COMPUTER SOFTWARE AND SERVICES MARKET

<table>
<thead>
<tr>
<th></th>
<th>(US DOLLS MILLIONS)</th>
<th>(PERCENT GAIN/LOSS)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Est. Avg. Annual</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1989</td>
<td>1990</td>
</tr>
<tr>
<td></td>
<td>1989</td>
<td>1991</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Next 3 Years</td>
</tr>
<tr>
<td>Import Market</td>
<td>185.2</td>
<td>320.6</td>
</tr>
<tr>
<td>Local Production</td>
<td>466.4</td>
<td>583.2</td>
</tr>
<tr>
<td>Exports</td>
<td>11.8</td>
<td>15.6</td>
</tr>
<tr>
<td>Total Market</td>
<td>639.8</td>
<td>888.2</td>
</tr>
<tr>
<td>Imports From U.S.</td>
<td>100.0</td>
<td>169.6</td>
</tr>
<tr>
<td>Exchange Rates</td>
<td>118</td>
<td>102</td>
</tr>
<tr>
<td>Future Inflation Rate</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Receptivity Score (1-5)</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

"The Prepackaged Computer Software Market in Spain"
June 1991 (Lopez 4)
APPENDIX E

SURVEY OF THE ATTITUDES OF VARIOUS SPANIARDS ABOUT SPAIN'S INVOLVEMENT IN THE EC.

While I was studying in Seville, Spain during the 1991/92 school year, I conducted a general survey of Spaniards, including youth in the Spanish Marine Corps, University professors, business people, political officials, etc. Most of the people surveyed were from the autonomy of Andalucía, with the exception of some business personnel from Galicia and Madrid. Therefore, it is a regional survey of the attitudes which will vary extremely with other regions, and was limited to only thirty people. Although this is a subjective survey, it is helpful in that it is the perspective of the people of southern Spain where the most improvement is needed in infrastructure and economic conditions. Those surveyed will feel the greatest affects of Spain's involvement in the EC. I conducted the survey by means of a letter and questionnaire which is displayed in the following exhibit. I also interviewed people personally.
SAMPLE OF LETTER

4538 Navajo Dr. NE
Cedar Rapids, IA 52402
USA

Estimado Sr o Sra;

Soy una estudiante americana que lleva ocho meses en Sevilla. Para mi último año de estudios en los EEUU tengo que hacer un trabajo sobre España como una parte de la Comunidad Económica Europea. He investigado la información sobre este tema pero ha sido difícil encontrarla. Por esta razón me interesa de saber las actitudes de los españoles. Creo que esta información es la mejor porque es real, no es de las revistas, ni de los periódicos.

He hecho una lista de las preguntas en esta carta y me gustaría que por favor las contestara Ud. cuando pueda. Me marcho en mayo entonces le dejo un sobre con mi dirección para mandarmelo.

Muchas gracias por la ayuda.

Atentamente,

Shannon Pettitt

Shannon Pettitt
SPANISH QUESTIONNAIRE WITH ENGLISH TRANSLATION

1. ¿Cuáles son los efectos, malos y buenos, de la entrada de España en la C.E.E.?
What are the effects, good and bad, of Spain's entrance in the EC?

2. ¿Cuál piensa Ud. va a ser el peor problema de la entrada en la C.E.E. para España?
What do you think will be the worst problem of Spain's entrance in the EC?

3. ¿Cómo se sienten los españoles ante la abertura de fronteras y lo que ello traerá?
How do the Spaniards feel about the open borders, and what will be their effect?

4. ¿Quién obtendrá más beneficio en la C.E.E.?
Who will benefit the most from the EC?

5. ¿Quién se llevará la peor partida?
Who will benefit the least?
I summarized the responses and have summarized the different attitudes presented in this Appendix.

Response to questions:

1. The majority of those surveyed felt the effects of Spain's involvement in the EC would be completely positive as Spain had become involved in one of the most important economic trade areas in the world. Spain's entrance into the EC stimulated competition because many of the sectors had been privatized; this forced businesses to become more competitive and more efficient. It also forced businesses to use their creativity, expand their production capabilities and utilize their resources to full capacity. For example, Spain is no longer viewed as a producer of solely wine and olives, but also avocados, strawberries, corn, sorghum, citrus fruits, other fresh and processed fruits and vegetables. Spain's entrance into the EC also marked the end of its isolation from the rest of Europe, and it has given the country an opportunity to become a strong economic nation in the international community.

2. A common answer given by those polled was the accommodation of certain economic sectors, such as agricultural, mining and fishing. The sectors which are affected the most are the sectors which are not accustomed to the open competition
created by the formation of the EC. Many of the business people felt the Spanish livestock sector was relatively inefficient and suffered from competition from EC imports. The Spanish fruit and vegetable producers, on the other hand should benefit from greater access to northern European markets. Many industries, mainly agriculture, mining and fishing, have to restrict their production to meet a strict system of quotas. These quotas are set to establish an equal balance of trade among the EC nations. Spain can only produce a certain amount and then has to import the rest from other EC member countries to encourage trade between members. For example, there are imposed quotas placed on the amount of milk exported. Great Britain, which is a strong economic power, was the country which lobbied for this restriction. Some of those polled felt that the richer nations had the majority of the power and the EC community was established for their benefit. They felt as if the lesser developed countries were exploited by the richer nations in order to buy low cost goods without barriers to trade.

Other people polled felt one of the worst problems would be the change in the way of life. They feared that Spain would lose its culture and become a country with a money-hungry attitude.

Another concern, especially in Seville, was the excess number of workers who were hired to improve the infrastructure. This was done in preparation for the 1992
World's Fair Expo and also for the development of the least developed autonomy of Spain. Spaniards were worried that after the projects were completed there would be an economic recession and there would be high unemployment. This was an important concern among those polled, however, they agreed that this was a necessary measure in order to become profitable in the long run.

3. There were many different answers to this response. Many believed that a majority of the Spanish population doesn’t understand the actions that were being implemented, such as the social and economic changes which are necessary steps in order for Spain to become more competitive. Others felt Spain would lose its identity since it was becoming so economically focused. The country has a distinct culture which contributes to its uniqueness. Some of the young adults felt the EC wasn’t an opportunity for Spain because they didn’t see themselves as rising to the economic level or becoming politically united with countries like Germany and France. They disliked the money-hungry attitudes. The Galician business personnel felt it was hard enough for Spain as a nation of seventeen autonomies to be unified, that the joining of European nations would be even more difficult. They felt it was going to take a long time for Spain to be on an even par with the other EC members. They did agree that Spain's entrance into the EC was an economic necessity and
in the long run would be very beneficial.

4. For the EC as a whole, many felt the countries that already possessed the power and wealth would continue to benefit the most. Others felt it was difficult to separate one region from another to determine who would benefit the most. They felt the less-developed members of the EC would benefit the most because of the many programs and aid provided to help these nations improve economically. The richer nations are sacrificing their benefits through monetary aid for the benefit of the whole community.

More specifically, some of the people polled felt many agricultural sectors would benefit the most. Since Spain produces many agriculture products which do not grow in the northern climate, they should benefit from selling to the new trade areas.

Many felt, from their perspective that Spain, as a country, would benefit the most. They felt their country has made the most significant strides economically. Many companies and sectors have been forced to become more competitive. They thought this opportunity would eventually make Spain a strong economic power.

5. Some of the responses to this question contradicted the response to the question of those who would benefit the most. Many felt the agricultural sector would benefit the least
because of the strict quotas that have been put on farmer production. This strong attitude may have been provoked by the events taking place at the time I surveyed these people. There was a meeting held in Brussels in which officials discussed the quotas and regulations which were to be placed on agricultural products. Spanish officials found it difficult to be heard and weren't able to prevent the restrictions which were placed on some of their agricultural products, such as milk. This had caused many farmers to lower production and some were not able to continue production at all.

It was a general consensus that the main party which would benefit the least would be the small companies or businesses. This is because they lack the capital needed to compete at the economic level created by the EC. There wasn't a clear answer that addressed what type of business would benefit the least, but many felt that the competition created by the EC would foster an attitude of "survival of the fittest."
APPENDIX F

KEY CONTACTS:

Dirección General del Patrimonio Subdirección General de Compras
Víctor Hugo, 4
28014 Madrid, Spain
Tel.: 341-577-4466 Fax: 341-576-5554
Purpose: This is a department within the Ministry of Economy and Finance and it prepares the list of qualified suppliers of software and their packages. Government departments select the suppliers and software packages only from this list.

CITEMA
Plaza Alonso Martinez, 3 - 2
28004 Madrid, Spain
Tel.: 341-448-4794 Fax: 341-448-2871
Contact: Carlos Guzman, Director
Purpose: CITEMA organizes SIMO, the Internation Fair for Computers and Office Equipment, which is held annually in November in Madrid. This show is Spain’s largest computer sector exhibition and includes software products.

Feria de Barcelona
Avda. Reina Ma. Cristina, s/n
08004 Barcelona, Spain
Tel: 343-423-3011; Fax: 343-423-8651
Contact: D. Xavier Salvans, Director of INFORMAT
Purpose: Feria de Barcelona organizes INFORMAT, a computer show which is held annually in late May or early June in Barcelona. This show also includes software products. The next INFORMAT show will be held May 11-16, 1992.

Haymarket, S.A.
Aribau, 168-170
08036 Barcelona, Spain
Tel: 343-238-1742; Fax: 343-238-1452
Contact: D. J. Sancho, Director
Purpose: Publisher of several specialized magazines including a guide listing over 2,300 software programs.
VNU Business Publications Espana, S.A.  
Villafranca, 22  
28028 Madrid, Spain  
Tel: 343-361-1688; Fax: 341-245-9562  
Contact: D. Gabriel Alvarez, Advertising Director  
Purpose: Publisher of GUIACHIP, a guide of suppliers of computer hardware and software; MICROS, a monthly magazine; PC MAGAZINE, monthly magazine; PC Semanal, weekly newspaper; PERSONAL COMPUTING, monthly magazine; and TRIBUNA INFORMATICA, a weekly magazine with general information.

Manhattan Transfer S.A.  
Roca y Batlle, 10-12  
08023 Barcelona, Spain  
Tel: 341-319-4014 Fax: 343-211-5630  
Contact: Ms. Birgitta Sandberg, Advertising Director  
Purpose: Publisher of MSX Club de Programs, a monthly magazine specialized in programs, utilities, and lists for users of MSX systems.

I.D.G. Communications, S.A.  
Rafael Calvo, 18  
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Tel: 341-319-4014 Fax: 341-319-6104  
Contact: Francisco Zabala, Managing Director  
Purpose: Publisher of several periodicals including COMPUTERWORLD Espana, a weekly newspaper, and PC WORLD, a monthly magazine.

U.S. & Foreign Commercial Service  
American Embassy, Madrid  
APO AE 09642  
Tel: 341-577-4000 Fax: 341-575-8655  
Contact: FCSN Jose L. Lopez, Sector Specialist  
Purpose: Local office of US&FCS, offers the range of export services of the U.S. Department of Commerce and a special "GOLD KEY" service, a custom-tailored appointments program or one-company trade mission.
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