

Spain: your partner in Europe

Global Market Access from an International Economy

Investment Framework

Business Opportunities

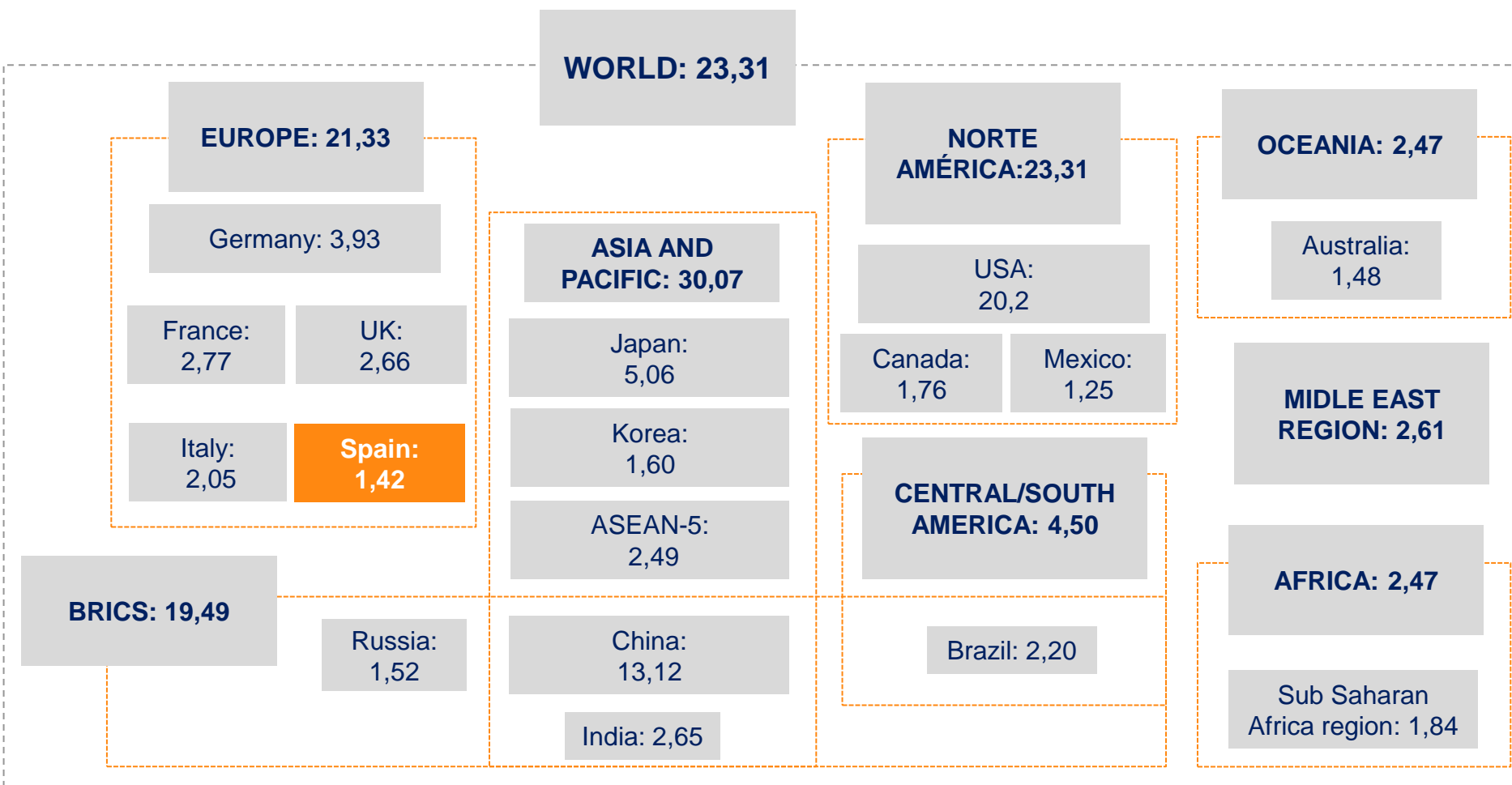
March 2018

- 1. Spain: a highly internationalized economy**
- 2. Global Market Access**
- 3. Macroeconomic situation and structural reforms**
- 4. Business Climate**
 - Setting up a business
 - Infrastructure and Technology
 - Incentives and taxes
 - Human capital:
 - Productivity
 - Skilled Labour Force
 - Competitive Costs
 - Immigration
 - Quality of life: Expat setting up
- 5. Business Opportunities**
- 6. ICEX / Invest in Spain**

1. Spain: a highly internationalized economy

**Spain is the world's 14th-largest economy and the 5th-largest economy in the EU:
GDP worth 1.4 trillion USD**

**GDP comparison of major economic regions,
USD billions**



Spain in the World																						
GDP			GDP per capita		Population		Trade in Goods Billions \$				Trade in Services Billions \$				Tourism			FDI Stock. Billions \$				
															Income \$		Tourist N°	Inward		Outward		
RK	Country	Billion \$	RK	unit \$	RK	Millions	RK	Exports	RK	Imports	RK	Exports	RK	Imports	RK	Billions	RK	Millions	RK	Billions	RK	Billions
1	USA	18.569,1	8	57.436	3	323,3	2	1.454,6	1	2.251,4	1	732,6	1	482,0	1	205,9	2	75.608,0	1	6.391,3	1	6.383,8
2	China	11.218,3	74	8.113	1	1.382,7	1	2.098,2	2	1.587,4	5	207,3	2	449,8	4	44,4	4	59.270,0	3	1.354,4	6	1.281,0
3	Japan	4.938,6	22	38.917	10	126,9	4	644,9	5	606,9	7	168,7	7	182,7	11	30,7	15	24.039,0	28	186,7	4	1.400,7
4	Germany	3.466,6	19	41.902	17	82,7	3	1.339,6	3	1.054,9	3	267,8	3	310,6	8	37,4	7	35.579,0	10	771,0	5	1.365,4
5	UK	2.629,2	21	40.096	21	65,6	10	409,4	4	635,8	2	323,7	5	194,6	7	39,6	6	35.814,0	4	1.196,5	3	1.443,9
6	France	2.463,2	24	38.128	22	64,6	7	501,3	6	573,0	4	235,6	4	235,7	5	42,5	1	82.600,0	11	697,6	7	1.259,4
7	India	2.256,4	145	1.723	2	1.309,3	20	264,0	14	359,1	8	161,3	10	133,0	13	22,4	24	14.569,0	21	318,5	31	144,1
8	Italy	1.850,7	27	30.507	23	60,7	9	461,5	11	404,4	14	100,6	13	102,0	6	40,2	5	52.372,0	20	346,4	15	460,4
9	Brazil	1.798,6	72	8.727	5	206,1	25	185,3	28	143,5	32	32,6	21	61,5	42	6,0	38	6.578,0	13	625,9	28	172,4
10	Canada	1.529,2	18	42.210	37	36,2	12	390,1	9	416,6	18	79,7	14	96,5	19	18,2	16	19.971,0	6	956,1	9	1.220,0
11	Korea	1.411,2	29	27.539	26	51,2	8	495,4	10	406,2	17	91,8	11	109,0	21	17,2	19	17.242,0	30	185,0	21	306,1
12	Russia	1.280,7	71	8.929	9	143,4	17	281,8	24	191,4	25	49,7	18	72,9	36	7,8	14	24.551,0	18	379,0	19	335,8
13	Australia	1.259,0	11	51.850	53	24,3	23	190,3	22	196,2	24	53,2	23	55,5	10	32,4	35	8.263,0	14	576,0	17	401,5
14	Spain	1.232,6	30	26.609	29	46,3	16	287,4	15	309,3	11	126,6	20	70,6	2	60,3	3	75.563,0	15	556,6	14	516,1
15	Mexico	1.046,0	73	8.555	11	122,3	13	373,9	12	397,5	38	24,1	34	29,5	14	19,6	8	34.961,0	17	473,5	30	148,6
16	Indonesia	932,4	118	3.604	4	258,7	30	144,5	32	135,7	40	23,5	32	30,6	29	11,3	-	n.a.	25	235,0	40	58,9
17	Turkey	857,4	64	10.743	19	79,8	31	142,6	20	198,6	29	37,0	39	20,4	17	18,7	-	n.a.	37	132,9	46	38,0
18	Netherlands	771,2	14	45.283	63	17,0	5	569,7	8	503,4	6	177,4	8	169,2	24	14,1	20	15.828,0	8	801,1	8	1.256,0
19	Switzerland	659,9	2	79.242	93	8,3	15	303,2	17	268,7	12	112,3	15	95,0	22	15,9	31	10.402,0	9	793,1	10	1.130,9
20	Saudi Arabia	639,6	39	20.150	41	31,7	27	174,9	31	139,4	43	15,3	26	51,0	30	11,1	17	18.049,0	26	231,5	38	80,4
21	Argentina	545,1	59	12.503	31	43,6	43	57,7	46	55,6	50	12,5	41	19,4	50	4,7	43	5.559,0	49	88,2	45	38,8
22	Taiwan	528,6	37	22.453	55	23,5	18	280,3	18	230,6	27	41,1	25	51,7	26	13,4	30	10.690,0	52	75,0	20	320,9
23	Sweden	511,4	12	51.165	84	10,0	32	139,5	30	140,3	19	71,4	22	60,7	27	12,6	-	n.a.	22	289,7	18	382,2
24	Poland	467,6	60	12.316	36	38,0	22	202,5	21	197,3	26	49,0	31	33,7	31	11,0	18	17.463,0	29	185,9	52	24,8
25	Belgium	467,0	20	41.283	75	11,3	11	395,9	13	367,4	13	109,0	12	107,3	28	11,8	37	7.479,0	16	474,9	16	453,2
26	Thailand	406,9	89	5.899	20	69,0	21	215,3	23	194,7	20	66,1	29	41,9	3	49,9	9	32.588,0	27	188,7	37	85,6
27	Nigeria	406,0	134	2.211	7	183,6	56	32,8	56	39,0	84	3,2	50	11,9	91	1,1	-	n.a.	47	94,2	60	13,0
28	Austria	386,8	15	44.498	90	8,7	29	152,4	27	157,1	22	59,5	27	48,7	16	19,3	10	28.121,0	34	156,2	24	200,2
29	Iran	376,8	99	4.683	18	80,5	39	66,0	54	40,0	56	9,9	47	13,9	-	n.a.	46	4.942,0	59	48,5	76	3,7
30	UAE	371,4	25	37.678	85	9,9	19	265,9	19	225,0	21	62,5	16	82,0	15	19,5	23	14.910,0	41	117,9	34	113,2

Source: Latest international publications available. Data refers to 2016. IMF, WEO Database (April 2017 edition) 2016 Data; WTO 2017, Trade in Goods 2016 Data, Trade in Services 2016 Data; UNWTO Tourism Highlights (2017 Edition) 2016 Data; UNCTAD (WIR 2017) 2016 Data. Trade in Goods: Exports: (6) Hong Kong, (14) Singapore; Imports: (7) Hong Kong, (16) Singapore. Trade in Services: Exports: (9) Singapore, (10) Ireland, (15) Hong Kong; Imports: (6) Ireland, (9) Singapore, (17) Hong Kong. Tourism Income: (9) Hong Kong, (12) Macao, (18) Singapore. Tourist N°: (11) Malaysia, (12) Hong Kong, (13) Greece. FDI Inward: (2) Hong Kong, (5) Singapore, (7) Ireland, (12) British Virgin Islands. FDI Outward: (2) Hong Kong, (11) British Virgin Islands, (12) Ireland, (13) Singapore.

Spain is the 11th-largest exporter of commercial services worldwide and the 18th-ranked exporter of merchandise trade.

Merchandise Trade Exports USD Millions

2016		
1	United States	732,551
2	United Kingdom	323,661
3	Germany	267,822
4	France	235,629
5	China	207,275
6	Netherlands	177,378
7	Japan	168,734
8	India	161,250
9	Singapore	149,360
10	Ireland	146,205
11	Spain	126,614
World		4,807,690

Source: World Trade Organization (WTO), 2018.

Commercial Services Exports USD Millions

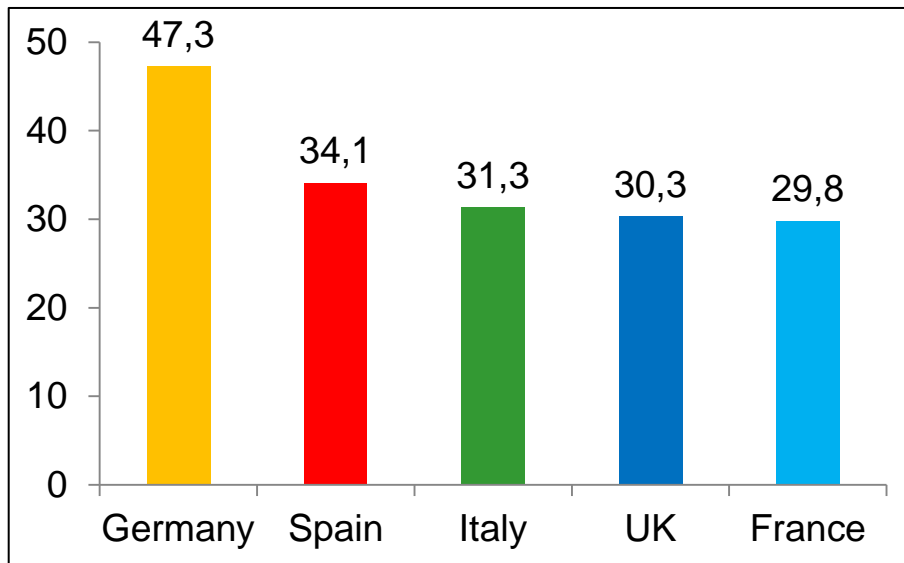
2016		
1	China	2,097,632
2	United States	1,451,010
3	Germany	1,33,853
4	Japan	644,899
5	Netherlands	571,435
6	Honk Kong	516,734
7	France	501,219
8	Republic of Korea	495,426
9	Italy	461,662
10	United Kingdom	409,833

16	Spain	288,751
World		15,985,000

Source: World Trade Organization (WTO), 2018.

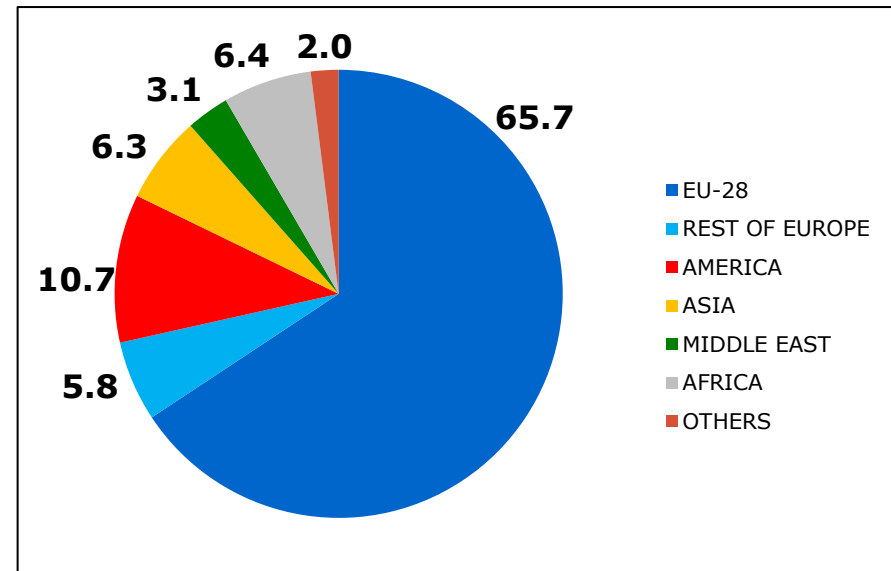
An open Economy is a more Competitive & Resilient Economy

Exports of Goods & Services % GDP



Source: Eurostat 2017

2017: Exports from Spain by Destination (%)

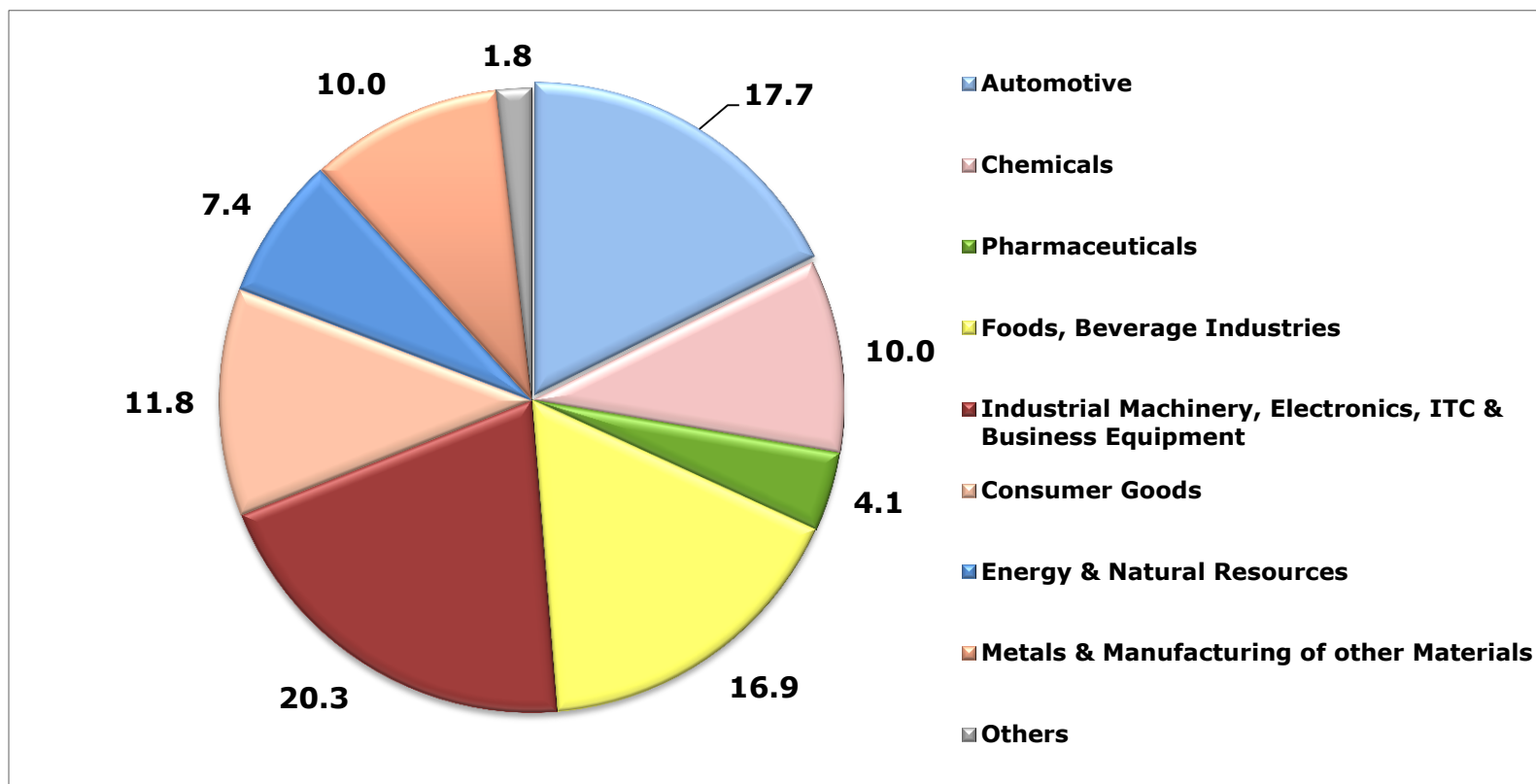


Source: Secretariate of State for Trade 2018

- **Multinationals in Spain account for more than 40% of total exports from Spain to third Markets. Total exports from Spain amounted 277.2 Billion € in 2017.**

Increasing exports with High Value Added and Technological content

2016: Exports of Goods. Sector breakdown in %

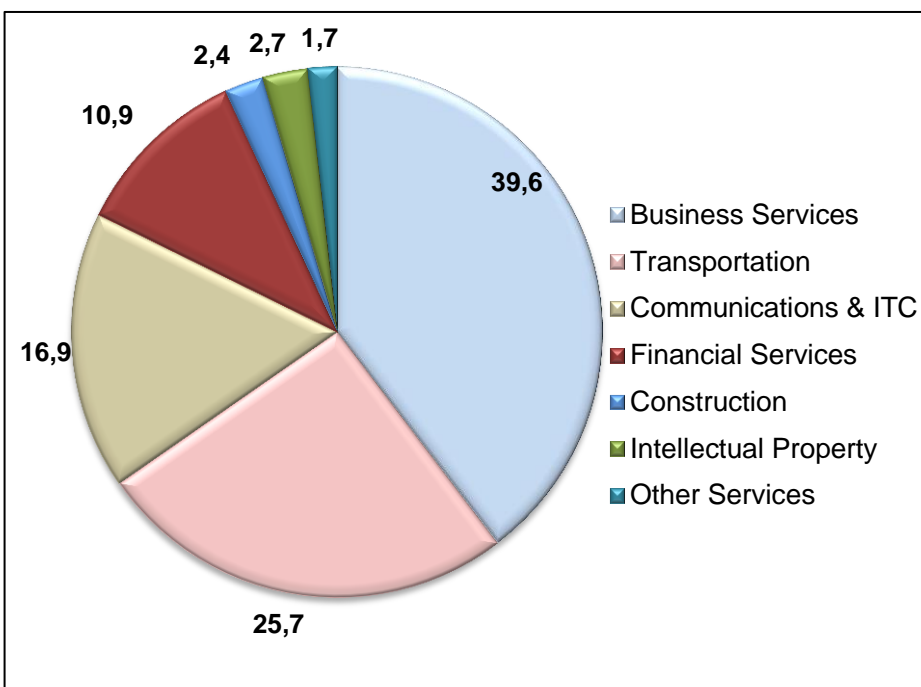


Source: Secretariate of State for Trade 2017

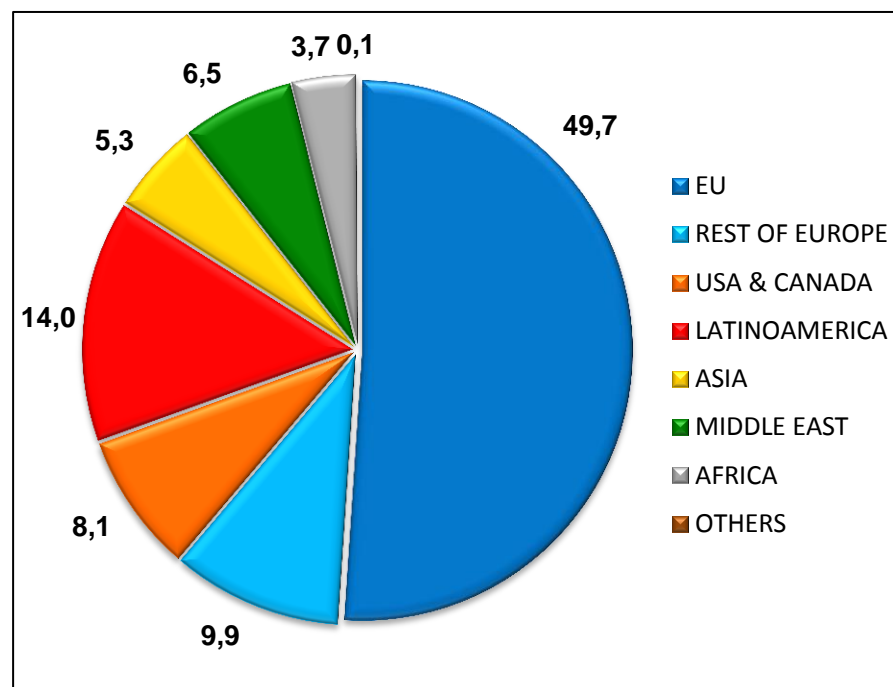
- Foreign Companies in Spain account for more than 49% of the total industrial turnover yearly and 33% of the industrial employment.

- International Export Services from Spain -excluding Tourism- to third markets reached more than 61.9 Billion € in 2016. More than 115 Billion € including Tourism.
- According to WTO Spain ranks 11th Worldwide.

International Export Services
by Sector (%)



International Export Services
by Destination (%)



Tourism: Spain received more than 75 million tourists in 2016 with a total expenditure of 77.3 billion €. Spain is the 3rd country worldwide in number of tourist arrivals and 2nd in revenues after USA (1st in Europe) in 2015.

- Spain is the 2nd country worldwide in revenues and the 1st in Europe.
- Spain ranks 3rd in tourist arrivals worldwide and 2nd in Europe.

INTERNATIONAL TOURISM GENERATED REVENUE (Billion \$) *	
Country	2016
1. USA	205,9
2. Spain	60.3
3. Thailand	49.9
4. China	44.4
5. France	42.5
6. Italy	40.2
7. U.K.	39.6
8. Germany	37.4
9. Hong Kong	32.9
10. Australia	32.4

INTERNATIONAL TOURIST ARRIVALS (Million) *	
Country	2016
1. France	82,6
2. USA	75.6
3. Spain	75.6
4. China	59.3
5. Italy	52.4
6. U.K	35.8
7. Germany	35.6
8. Mexico	35.0
9. Thailand	32.6
10. Turkey	...

Source: UNWTO Tourism Highlights, 2017. (Last date published)

* Data refer to the most recent year available: 2016

Spain received more than 75 million tourists in 2016.

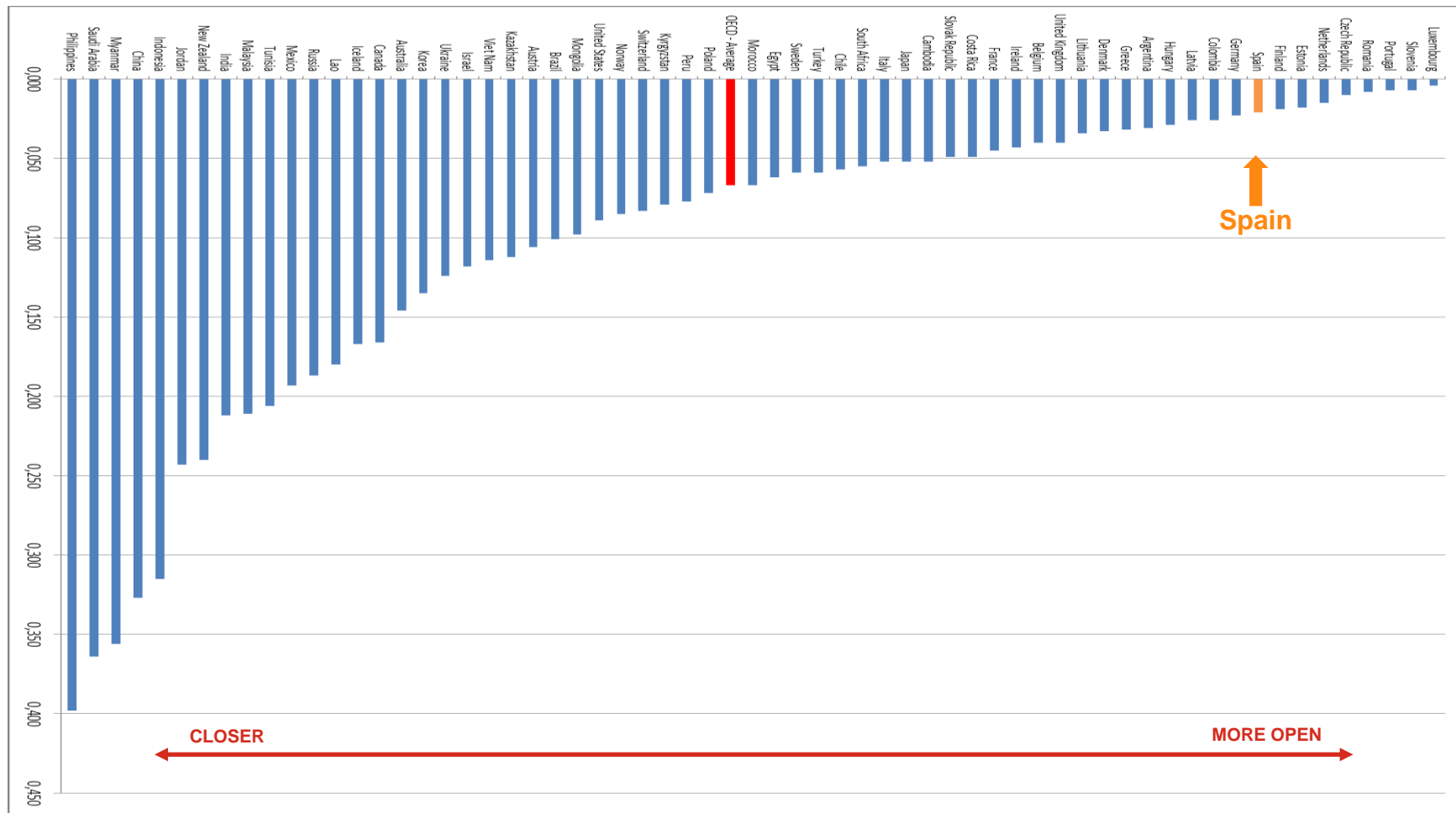
Spanish companies are among leading companies in the world:



- 3 out of every 5 flights worldwide are controlled using Spanish **Air Navigation Management systems-ATM**.
- Telefonica is **one of the largest telecommunications companies in the world** (in terms of market capitalization and number of customers).
- Santander is the **2nd bank in the Eurozone** and one of the first in the world (stock market capitalization) and BBVA now operates in 40 countries.
- Mapfre is **the largest multinational insurer in Latin America** and among the top 10 European insurance companies by premium volume
- Iberdrola is the **4th-largest utility company in the world** (in terms of market capitalization) and the 2nd largest wind power operator in USA.
- The Spanish **infrastructure sector** is a world leader in foreign markets. ACS Group continues to lead the concession industry with many projects worldwide.
 - The Al Shoula Group, a Spanish-Saudi consortium, is to run **the high-speed train between La Mecca – Medina**.
 - **The Panama Canal expansion project has been** developed by a Spanish-led consortium.
 - **6 out of 10 Worldwide Concessionaires of transportation infrastructures** are Spanish Companies.

Spain is the 9th-most open country to Foreign Investment according to OECD's FDI Restrictiveness Index

OECD FDI Regulatory Restrictiveness Index, 2016



Source: OECD, 2017. Data Referred to 2016

Foreign Investments: Stock in \$ Million

Inward FDI stock			
Economy		Mill USD	Share
1	United States	6,391,293	24%
2	China + Hong Kong	2,945,213	11%
3	United Kingdom	1,196,520	4%
4	Singapore	1,096,320	4%
5	Canada	956,065	4%
6	Ireland	839,563	3%
7	Netherlands	801,136	3%
8	Switzerland	793,124	3%
9	Germany	771,010	3%
10	France	697,579	3%
11	Brazil	625,876	2%
12	Australia	576,037	2%
13	Spain	556,604	2%
14	Belgium	474,885	2%
15	Mexico	473,520	2%
16	Russian Federation	379,035	1%
17	Italy	346,431	1%
18	India	318,502	1%
19	Sweden	289,659	1%
20	Luxembourg	245,450	1%
World		26,728,256	

Source: UNCTAD, WIR, 2017.

Outward FDI stock			
Economy		Mill USD	Share
1	United States	6,383,751	24%
2	China + Hong Kong	3,129,788	12%
3	United Kingdom	1,443,936	6%
4	Japan	1,400,694	5%
5	Germany	1,365,375	5%
6	France	1,259,385	5%
7	Netherlands	1,255,954	5%
8	Canada	1,219,992	5%
9	Switzerland	1,130,909	4%
10	Ireland	832,742	3%
11	Singapore	682,404	3%
12	Spain	516,059	2%
13	Italy	460,393	2%
14	Belgium	453,202	2%
15	Australia	401,506	2%
16	Sweden	382,248	1%
17	Russian Federation	335,791	1%
18	Korea, Republic of	306,145	1%
19	Luxembourg	230,037	1%
20	Austria	200,212	1%
World		26,159,708	

Source: UNCTAD, WIR, 2017.

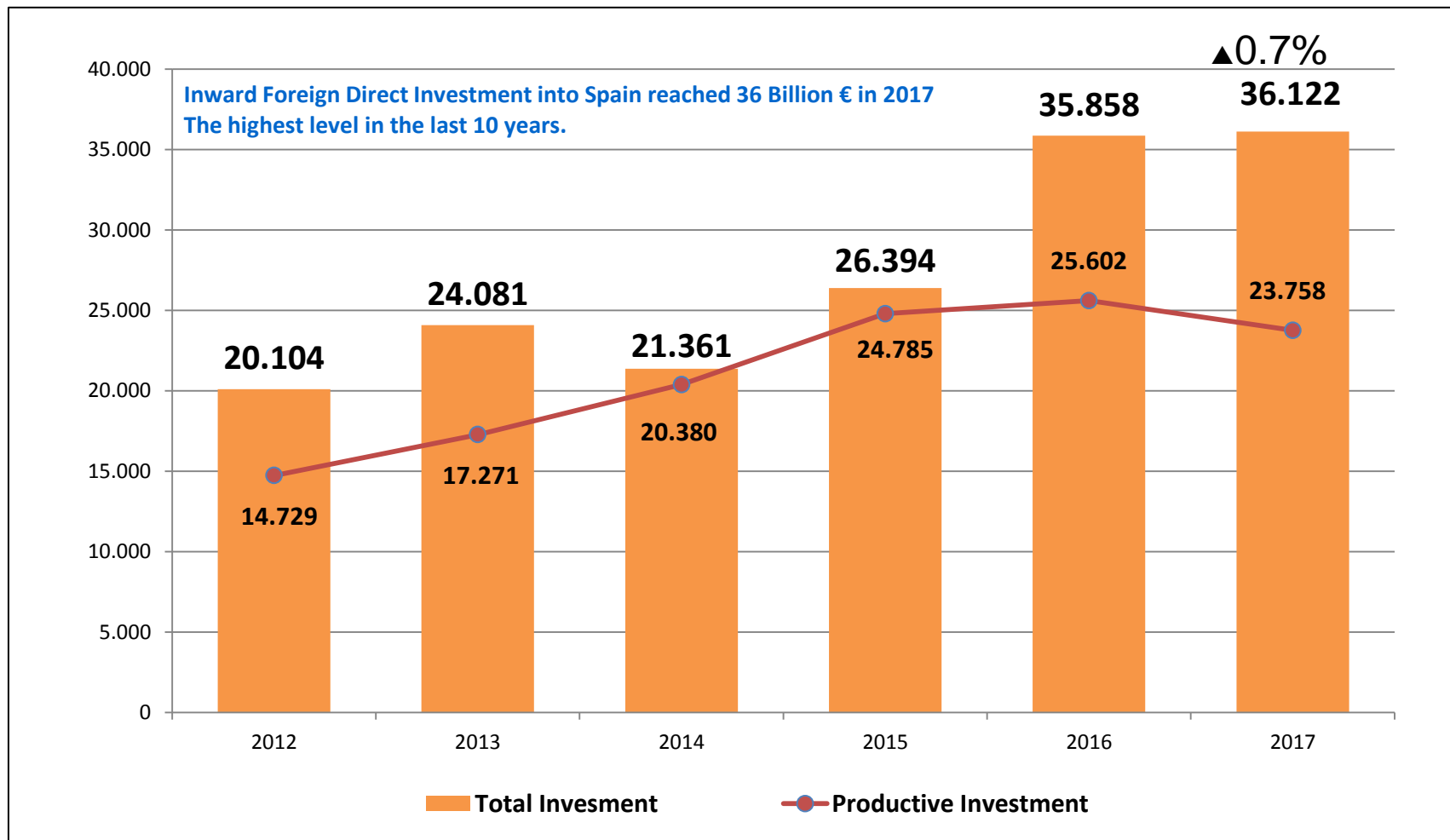
- **US, UK, Italian, French, German Companies** are the largest investors in Spain.
- **Increasing investment** in Europe from **UK** and **France**; Asia, from **China** and Latin America: especially from **Mexico, Brazil, Colombia** and **Argentina**.

SPAIN Inward FDI stock by country (EUR Millions)

	COUNTRY	STOCK FDI	% TOTAL
1	USA	61.251	15,81%
2	UK	44.745	11,55%
3	Italy	41.814	10,80%
4	France	40.522	10,46%
5	Germany	30.245	7,81%
6	Mexico	27.423	7,08%
7	Luxembourg	20.681	5,34%
8	Netherlands	14.197	3,67%
9	Brazil	11.159	2,88%
10	Switzerland	10.225	2,64%
11	China (+HK)	10.004	2,58%
12	Venezuela	5.050	1,30%
13	Canada	4.954	1,28%
14	Colombia	4.908	1,27%
15	Argentina	4.619	1,19%
16	Japan	4.346	1,12%
17	UAE	4.183	1,08%
18	Sweden	3.888	1,00%
19	Uruguay	3.085	0,80%
20	Portugal	2.524	0,65%
	Others	37.491	9,68%
TOTAL		387,314	100%

Source: Registro de Inversiones, 2018. Data Referred to 2015

FDI Flows increase in Spain. 2012-2017. Millions € and ▲ %. Registered Investment only. **It does not include certain M&A transactions, Private Equity, Venture Capital and Investment Funds operations.**



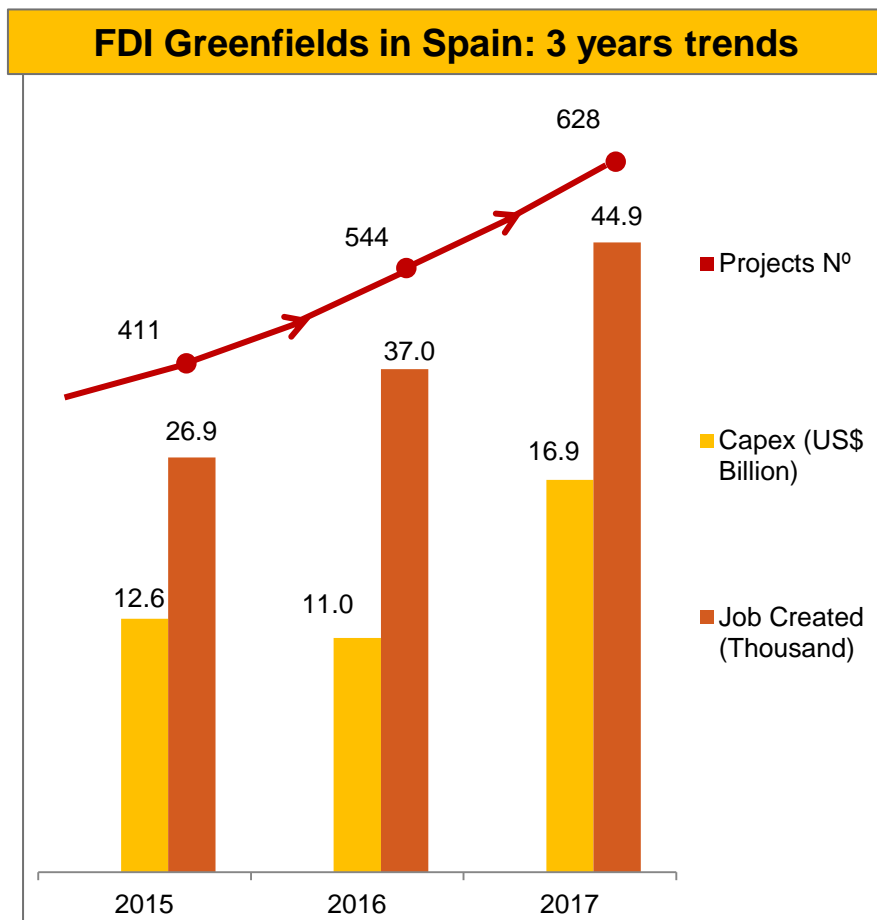
Source: Foreign Direct Investments Registry. Ministry of Economy Industry and Competitiveness 2018. Million Euros.

Total Investment includes: Productive Investments -new greenfield & brownfield & Reinvestment - **and Investment in Holding Companies (ETVEs).** Data for 2017 preliminary figures and pending revision. **Data for 2016 prior to revision was: Total IDE : 34,493 M€ a 4.7% increase in 2017 . Productive IDE in 2016 was 24.790 M€ a -1 0% decrease in 2017 maintaining the positive trend.**

Top 10 Greenfield Destinations in Europe 2012 – 2017. FDI Markets

		Greenfield Investment \$ Million			
		Capex	Projects	Jobs Created	Companies
1	UK	263,663.7	7,052	492,842	4,888
2	Germany	81,497.6	5,748	232,806	4,719
3	Spain	70,901.7	2,830	230,096	1,675
4	France	70,592.0	3,570	160,743	2,531
5	Netherlands	49,495.4	1,297	78,193	1,147
6	Ireland	36,752.8	1,213	89,574	886
7	Italy	30,265.7	954	76,833	741
8	Belgium	21,987.4	945	47,574	786
9	Finland	15,747.8	771	30,435	706
10	Switzerland	15,003.3	720	28,855	634
	Rest	63,683.1	2,237	127,059	1,976
Total		719,590.40	27,337	1,595,010	15,489

Greenfield Inward Investment trends in Spain in 2017.



Source: FDI Markets, 2018.

Top 10 Greenfield Destinations in Europe 2017					
		Greenfield Investment \$ Million			
		Capex	Projects	Jobs Created	Companies
1	UK	36,909.2	1,101	78,648	873
2	Spain	16,899.1	628	56,166	444
3	France	15,707.1	819	38,630	651
4	Germany	15,649.3	679	42,617	593
5	Netherlands	12,497.4	252	16,455	240
6	Ireland	8,228.5	225	18,503	206
7	Italy	6,293.7	198	18,850	181
8	Switzerland	2,571.2	137	6,180	131
9	Belgium	2,540.9	120	5,913	111
10	Finland	2,248.3	128	4,380	126
	Rest	14,356.4	429	29,345	389
Total		133,901.30	4,716	315,687	3,170

Source: FDI Markets, 2018. USD million.

Spain is the 2nd Greenfield Investment location in Europe according to FDI Markets Financial Times

Selected Figures on Foreign Direct Investment in Spain by Sources

Investment Register Stock* Ministry of Economy and Competitiveness					FDI Markets: Greenfields 2003 - 2016				
RK	Country	Total Investment Million €	Nº Companies (*)	Employment	RK	Greenfield Projects	Capex Million \$	Jobs Created	Companies
1	USA	61,250.6	1,408	152,203	1	968	29,961.5	89,015	629
2	UK	44,745.2	1,224	111,288	5	310	6,975.3	23,511	186
3	Italy	41,814.2	616	36,753	4	595	18,272.6	58,318	361
4	France	40,522.2	1,291	259,832	2	944	34,301.1	126,768	417
5	Germany	30,245.1	1,348	163,190	3	739	29,851.9	63,177	364
6	Mexico	27,422.7	223	5,814	17	35	815.6	2,142	18
7	Luxembourg	20,680.5	1,007	64,865	16	46	2,470.6	4,094	23
8	Netherlands	14,196.8	1,153	81,546	6	231	7,038.2	23,406	146
9	Brazil	11,158.7	63	4,591	23	26	226.4	1,193	14
10	Switzerland	10,225.0	483	71,479	7	227	4,998.9	16,123	112
11	China+HK	10,004.1	159	3,340	11	84	5,473.2	10,091	62
12	Canada	4,954.1	95	6,219	15	49	940.4	2,415	42
13	Japan	4,345.5	244	28,479	8	209	8,525.1	21,522	119
14	UAE	4,182.9	66	6,779	22	27	2,066.7	3,859	17
15	Sweden	3,888.4	86	32,370	9	177	5,915.2	30,329	54
16	Portugal	2,524.2	506	11,236	10	145	5,977.2	17,469	65
17	Belgium	2,375.2	163	5,669	13	64	1,444.1	5,575	46
18	Ireland	1,176.9	184	4,582	14	56	5,751.0	9,674	31
19	Israel	1,137.3	29	2,278	21	28	1,067.6	3,991	22
20	Austria	1,048.2	103	3,626	18	35	1,051.1	1,894	25
21	Australia+NZ	1,520.9	40	1,852	19	33	1,079.4	7,845	21
22	Korea	662.7	19	1,117	24	26	1,102.5	2,146	21
23	Russia	653.7	40	1,529	26	13	512.9	1,207	12
24	Singapur	431.7	29	514	28	4	1,086.3	3,055	4
25	India	322.6	35	3,563	20	30	805.5	2,364	27
A	LATAM	19,969.6	521	5,312	-	75	1,599.4	4,006	45
B	Nordic Countries	3,016.1	200	42,438	-	114	2,580.4	8,678	78
C	GCC	1,279.1	66	3,034	-	9	932.2	1329	8
-	Others	21,560.3	745	67,887	-	163	4,851.5	7,567	82
-	TOTAL	387,314.7	12,346	1,183,384	-	5,462	187,673.8	552,763	3,051

Source: Foreign Direct Investments Registry. Ministry of Economy and Competitiveness 2016. FDI Markets 2017. (*) Stock 2015 data. (*) Number of level 1 companies plus other Spanish subsidiaries and Spanish companies under their control (level 2 & 3). (A) LATAM: Excluding those Latin American countries listed before (Mexico, Brazil). (B) GCC: Excluding those GCC countries listed before (UAE). (C) Nordic countries: Excluding those Nordic countries listed before (Sweden).

Recent Investment Trends in Spain by Country 2013-2016. Million USD. Foreign Investments Registry

	Country	Investment flows in Spain: 2013-2016					Investment Stock
		2013-2016	2013	2014	2015	2016	Stock
1	USA	14,841.7	3,476.6	3,829.0	2,524.2	5,011.8	61,250.6
2	Netherlands	12,173.4	1,973.8	1,245.6	2,960.8	5,993.1	14,196.8
3	Luxemburg	10,882.3	2,010.9	2,680.8	3,712.4	2,478.1	20,680.5
4	Germany	9,880.8	1,359.5	467.7	792.4	7,261.3	30,245.1
5	France	8,007.2	1,936.0	2,041.6	2,143.5	1,886.0	40,522.2
6	United Kingdom	6,688.7	2,111.4	1,720.6	1,362.8	1,494.0	44,745.2
7	Mexico	4,916.6	930.9	1,230.4	1,240.2	1,515.2	27,422.7
8	China + HK	4,480.7	767.7	855.7	1,704.3	1,153.1	10,004.1
9	Japan	1,635.8	262.9	459.8	404.3	508.8	4,345.5
10	Switzerland	1,433.4	290.9	417.2	450.1	275.1	10,225.0
11	Canada	1,427.4	119.0	313.1	199.1	796.3	4,954.1
12	Brasil	1,189.5	226.9	228.2	540.1	194.3	11,158.7
13	Portugal	1,071.2	54.4	136.0	450.1	430.7	2,524.2
14	Ireland	920.2	194.4	391.7	193.2	140.8	1,176.9
15	Belgium	852.3	427.2	164.9	76.3	183.9	2,375.2
16	Singapur	646.9	21.1	385.0	160.5	80.3	431.7
17	Italy	558.9	162.5	109.0	158.0	129.4	41,814.2
18	Austria	337.6	112.0	58.2	56.2	111.1	1,048.2
19	Israel	287.9	16.4	213.9	32.6	25.1	1,137.3
20	Australia + NZ	280.7	199.2	37.0	33.8	10.8	1,520.9
21	Russia	229.9	75.1	33.8	53.1	67.9	653.7
22	Korea	216.4	46.4	48.4	13.3	108.4	662.7
26	Poland	103.3	32.8	21.7	2.9	45.9	225.4
27	India	25.1	5.6	0.8	14.0	4.6	322.6
A	LATAM	4,318.2	682.4	2,110.1	805.8	719.9	20,006.8
B	GCC	1,592.6	93.9	110.5	626.7	761.4	5,462.1
C	Nordic Countries	1,095.0	512.1	136.2	223.9	222.7	6,904.4
Others		12,920.4	5,647.1	1,708.3	4,254.8	1,310.2	20,736.1
TOTAL		103,500.2	23,925.1	21,179.7	25,299.9	33,095.6	387,314.7
Total Productive Investment		84,685.7	17,281.7	20,162.1	23,765.9	23,476.1	347,745.5

Source: Foreign Investments Registry. Ministry of Economy and Competitiveness 2017. Million Euro. (*) Stock 2015 data. Accumulated Flows since 1993. (A) LATAM: Excluding those Latin American countries listed before. (B) GCC countries (C) Nordic C: Norway, Sweden, Finland and Iceland.

Recent Trends Greenfield Projects in Spain by Country: Trends 2013-2016. Million USD. FDI Markets

Country		Greenfield Investment 2013 - 2016				Country		Greenfield Investment 2013 - 2016			
		Capex	Projects	Jobs	Companies			Capex	Projects	Jobs	Companies
1	Germany	9,024.7	272	17,443	137	14	Denmark	411.5	27	2,095	16
2	France	7,356.4	280	30,343	144	15	Russia	383.3	5	944	4
3	USA	4,689.2	288	19,505	213	17	Belgium	311.9	19	918	18
4	UK	4,479.3	202	17,110	126	18	Israel	294.9	9	2,710	7
5	Italy	1,755.7	109	8,085	66	19	Ireland	205.3	11	510	10
6	Switzerland	1,720.9	70	4,514	47	23	Mexico	197.8	11	586	7
7	Japan	1,711.4	72	7,767	49	24	India	180.4	12	594	10
8	Portugal	1,555.4	48	3,836	22	25	Canada	174.6	18	971	17
9	Netherlands	1,420.5	63	3,134	47	A	Nordic Countries	575.0	16	1,385	13
10	Sweden	1,127.7	51	4,174	20	B	LATAM	366.5	25	1,782	18
11	Singapore	1,078.9	1	3,000	1	C	GCC	528.5	21	1,210	11
12	China+HK	690.3	19	1,542	18	Other		2,594.3	103	5,941	70
13	Luxembourg	940.7	18	949	11	TOTAL		43,775.1	1,770	141,048	1,102

Source: FDI Markets, 2017. USD Million. (A) Nordic countries: Norway and Finland excluding those listed before. (B) LATAM: Excluding those Latin American countries listed before. (C) GCC: Gulf Cooperation Countries: Qatar, EAU, Saudi Arabia, Oman, Bahrein, Kuwait but excluding portfolio and Sovereign Wealth Funds investments.

Foreign Direct Investments in Spain by Sector 2013-2016. Million EURO. Stock and Recent Trends

Sector		Stock	Investment Flows 2013-2016				
		Stock *	2013	2014	2015	2016	2013-2016
1	Energy	55,398.6	4,371.3	1,013.4	3,715.9	9,347.2	18,447.8
2	Metals and Manufacturing of other Materials	53,442.2	1,407.3	218.0	453.5	1,305.7	3,384.5
3	Retail and Wholesale	40,951.9	1,073.5	3,844.2	2,839.0	1,557.9	9,314.5
4	Financial Services	38,334.3	3,978.4	2,922.2	2,356.0	7,582.9	16,839.5
5	Real Estate, Building and Infrastructures	35,376.0	4,135.7	5,208.5	7,864.2	6,905.7	24,114.1
6	Food and Beverages	27,642.1	467.9	1,497.7	1,952.8	1,063.2	4,981.6
7	ITC: Communications, Software & IT Services	27,434.4	618.1	873.7	609.6	794.2	2,895.6
8	Automotive OEM & Automotive Components	21,853.6	390.7	94.4	708.5	306.0	1,499.6
9	Chemicals and Petrochemicals	19,715.2	301.7	506.2	699.1	322.1	1,829.0
10	Pharmaceuticals, Medical, Healthcare & Biotechnology	13,699.8	848.8	396.3	451.9	199.1	1,896.1
11	Transport and Logistics	12,592.9	1,527.7	761.7	947.9	1,320.1	4,557.4
12	Business Services	11,530.0	434.2	508.1	736.7	690.7	2,369.7
13	Industrial Machinery and Equipment	7,559.4	1,481.1	195.0	91.0	254.2	2,021.4
14	Tourism	6,841.1	1,478.5	1,358.6	762.1	819.3	4,418.5
15	Mining and Natural Resources	5,913.6	151.7	1,096.8	28.0	76.3	1,352.9
16	Environmental industries	3,149.4	869.7	455.8	12.7	3.4	1,341.7
17	Paper, Wood and Others	3,093.4	172.2	106.4	301.5	199.9	780.1
18	Leisure and Entertainment	2,054.3	175.5	104.0	616.1	113.0	1,008.6
19	Consumer Goods	726.9	24.6	7.5	153.3	20.6	205.9
20	Other	5.5	16.5	11.0	-	214	241.7
Total Productive Investment		347,745.5	17,281.7	20,162.1	23,765.9	23,476.1	84,685.7
Total Direct Investment		387,314.7	23,925.1	21,179.7	25,299.9	33,095.6	103,500.2

Source: Foreign Investments Registry. Ministry of Economy, Industry and Competitiveness 2017. Million Euro. (*) Stock 2015 data.

Greenfield Projects in Spain by Sectors 2003 – 2016. Million \$ USA

	Sector	Capex	Projects	Jobs	Companies
1	Automotive OEM & Automotive Components	32,962.8	227	52,177	112
2	Consumer Products, Food, Textiles & Beverages	29,625.5	1,698	176,686	640
3	Energy, Environment & Renewable Energy	23,800.0	165	10,450	107
4	Real Estate, Building & Construction Materials	17,743.6	188	108,887	108
5	ITC: Communications, Software & IT Services	15,525.1	780	43,421	583
6	Transportation & Non-Automotive Transport OEM	13,393.5	324	26,004	176
7	Business & Financial Services	13,320.7	772	35,846	531
8	Chemicals, Plastics & Rubber	9,392.6	264	16,026	178
9	Logistics & Warehousing	8,640.5	52	8,937	43
10	Consumer Electronics, Business Machines & Equipment, Components & Semiconductors	5,542.1	306	23,647	192
11	Pharmaceuticals, Medical, Healthcare & Biotechnology	4,396.7	195	13,853	145
12	Metals	3,563.4	100	6,531	71
13	Hotels & Tourism	3,012.2	83	7,028	51
14	Industrial Machinery, Equipment, Engines & Turbines	1,718.4	188	11,676	149
15	Leisure & Entertainment	1,469.9	23	4,259	22
16	Aerospace, Space & Defence	1,108.9	33	2,861	26
	Others	2,457.9	64	4,474	44
	TOTAL	187,673.8	5,462	552,763	3,051

Source: FDI Markets, 2017. USD million.

Recent trends Greenfield Projects in Spain by Sector: 2013 - 2016. Million USD. FDI Markets

Sector	Greenfield Investment 2013 - 2016				Capex Greenfield Investment 2013-2016			
	Capex	Projects	Jobs	Companies	2013	2014	2015	2016
1 Automotive OEM & Automotive Components	9,266.7	66	11,185	43	1,484.8	1,163.4	4,964.5	1,653.9
2 Consumer Products	8,872.4	677	60,778	306	1,414.4	2,224.0	2,436.2	2,797.7
3 Transportation & Non-Auto Transport OEM	4,467.1	125	6,915	78	1,352.1	1,120.2	989.3	1,005.4
4 Business & Financial Services	4,264.8	217	11,366	160	1,251.7	942.8	637.9	1,432.4
5 Real Estate, Building & Construction Materials	4,058.7	40	17,747	30	852.9	473.2	1,674.6	1,058.1
6 ITC: Communications, Software & IT Services	4,017.4	264	11,390	209	1,364.6	1,467.3	277.4	908.0
7 Energy, Environment & Renewable Energy	2,018.7	14	1,788	8	635.9	869.4	88.5	424.9
8 Chemicals, Plastics & Rubber	1,623.0	83	5,340	72	581.4	175.7	357.8	508.1
9 Logistics & Warehousing	1,133.9	13	1,230	13	365.5	310.9	394.2	63.4
10 Pharmaceuticals, Medical, Healthcare & Biotech	1,049.4	67	3,904	51	337.4	274.6	259.0	178.6
11 Consumer Electronics, Business Machines & Equipment, Components & Semiconductors	807.7	67	3,848	47	185.9	126.2	246.8	248.9
12 Metals	761.2	21	1,294	18	477.7	62.0	52.1	169.4
13 Hotels & Tourism	525.9	25	1,658	20	142.4	33.6	64.9	285.0
14 Industrial Machinery, Equipment, Engines & Turbines	266.5	61	1,327	52	53.9	72.0	60.0	80.6
15 Aerospace, Space & Defence	111.1	7	418	5	22.5	34.0	-	54.6
16 Leisure & Entertainment	14.8	6	41	6	4.7	0.3	8.7	1.1
17 Other	515.8	17	819	11	164.3	68.7	166.1	116.5
TOTAL	43,775.1	1,770	141,048	1,102	10,692.1	9,418.3	12,678.0	10,986.6

Source: FDI Markets, 2017. USD millions.

Over 12,500 foreign companies in Spain across all economic sectors. **70 of the FORBES Top 100 Companies** have a production or R&D site located in Spain and **90 out of 2016 top 100 Global Innovative Companies** have a subsidiary, according to Thomson Reuters



2. Global Market Access

Domestic market of over 46 million consumers: Spain has a GDP per capita (PPP) above the EU-28 average.

Spain grants free access to the world's largest market, the European Union: more than 500 million consumers



Advantages of operating in the EU:

- **Intra-European duty-free market.**
- **Free movement of goods and services, capital and persons.**
- **Single currency: EURO.**

Capacity for consumption of goods (selected countries)

Country	GDP per capita	
	RK	USD
USA	8	57.436
Australia	11	51.850
Canada	19	42.210
Germany	20	41.902
UK	22	40.096
Japan	23	38.917
France	25	38.128
Italy	28	30.507
Korea	30	27.539
Spain	31	26.609
Russia	72	8.929
Brazil	73	8.727
Mexico	74	8.555
China	75	8.113
India	147	1.723

Source: IMF, 2017 data referred to 2016.

The best European platform for doing business with Latin America:

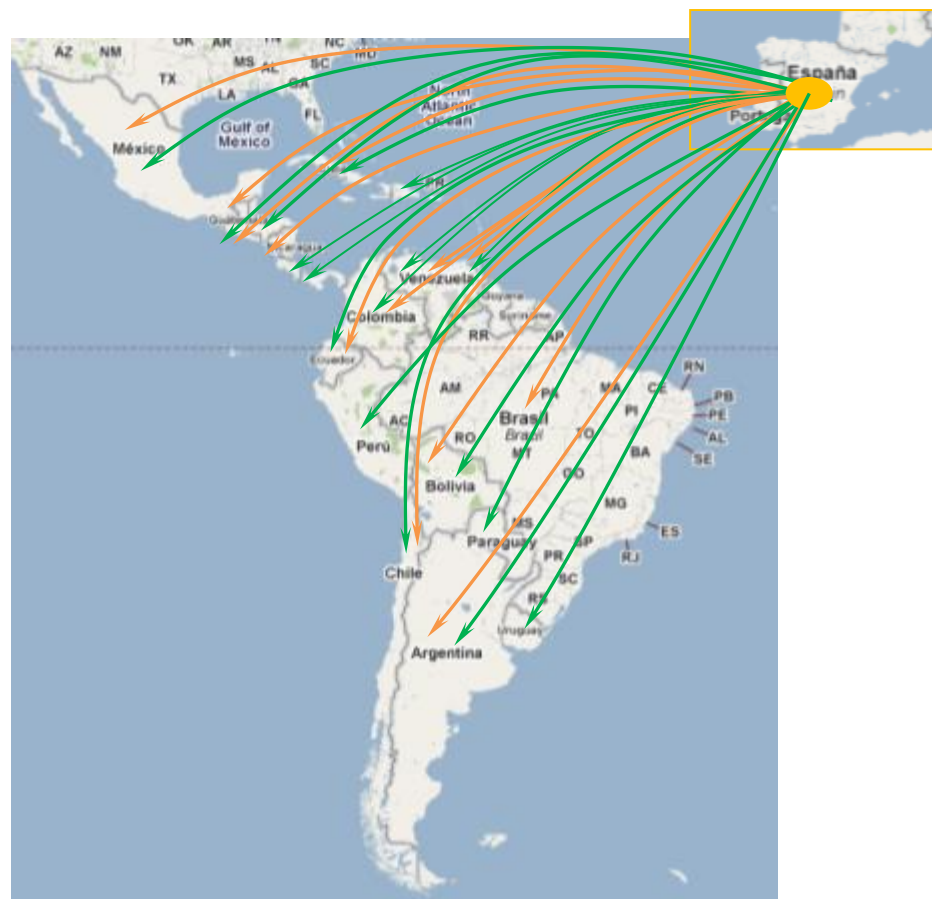
17 Agreements to Avoid Double Taxation in Central and South America:

Argentina, Bolivia, Brazil, Barbados, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, El Salvador, Ecuador, Mexico, Panama, Jamaica, Trinidad & Tobago, Uruguay and Venezuela.

19 Agreements for Reciprocal Protection and Promotion of Investments

Argentina, Colombia, Costa Rica, Cuba, Chile, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic, Trinidad & Tobago, Uruguay and Venezuela.

Excellent **communications and infrastructure**: Madrid concentrates around 35% of total air traffic between Europe & Latin America.



Agreements for
Protection and
Promotion of Reciprocal
Investments



Agreements to
Avoid Double
Taxation

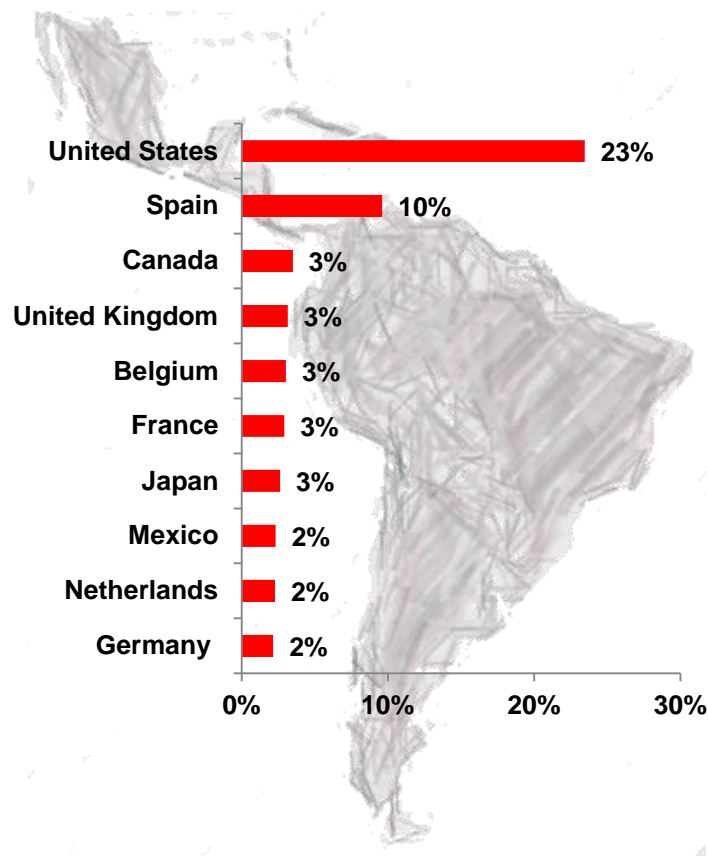
Why is Spain a perfect hub for doing business in Latin America?



1. **Common historical, cultural and linguistic roots.** Institutional **network relationships**.
2. **Strong economic and business ties:** Spanish companies have invested in strategic sectors in Latin America (banking, utilities, communications and transport, building industry, airport management, etc.)
3. **Good communications:** Spain is a major connecting hub for airlines traveling between America, Europe and Middle East.
4. Multinational companies are increasingly choosing Spain for their **Latin American headquarters**.
5. Spain has become the **European HQ for Latin American** multinational companies.
6. In the USA there are more than 50 million people working in Spanish.

Spanish Companies are very active investors in USA, EU and the world's 2nd-largest investors in Latin America.

Latin America
Origin of FDI by Country in Latam Economies



Spain Investment abroad: Outward FDI .Stock by country destination Billion €			
Ranking	Country	2015	%
1	United Kingdom	82.2	17%
2	United States	62.3	13%
3	Brasil	36.3	8%
4	Mexico	32.8	7%
5	Venezuela	27.6	6%
6	Netherlands	22.5	5%
7	Portugal	16.5	3%
8	Chile	15.5	3%
9	Switzerland	15.0	3%
10	Germany	14.5	3%
11	Canada	13.9	3%
12	Ireland	13.8	3%
13	Luxemburg	13.0	3%
14	France	11.4	2%
15	Argentina	9.8	2%
16	Italy	7.0	1%
17	Turkey	7.0	1%
18	Hungary	6.8	1%
19	Colombia	5.6	1%
20	Poland	5.2	1%
Total		472.8	100%

Source: Spanish Ministry of Economy and Competitiveness, 2017.

Many Spanish companies have a strategic position in key sectors in Latin America (ICT, energy, finance, infrastructures, etc.)



Some multinational companies have already been established in Spain to **manage their operations in Latin America**, directly or through joint ventures with Spanish companies.

**WINCOR
NIXDORF**

GfK

UBE

CGI

software AG

HUAWEI

**MANN+
HUMMEL**

NTT DATA
Global IT Innovator

SIEMENS

In addition, **Spain has become the European Headquarters of Latin-American multinational companies** doing business in Europe and MENA countries.

Softtek

CEMEX

Votorantim

ALPARGATAS

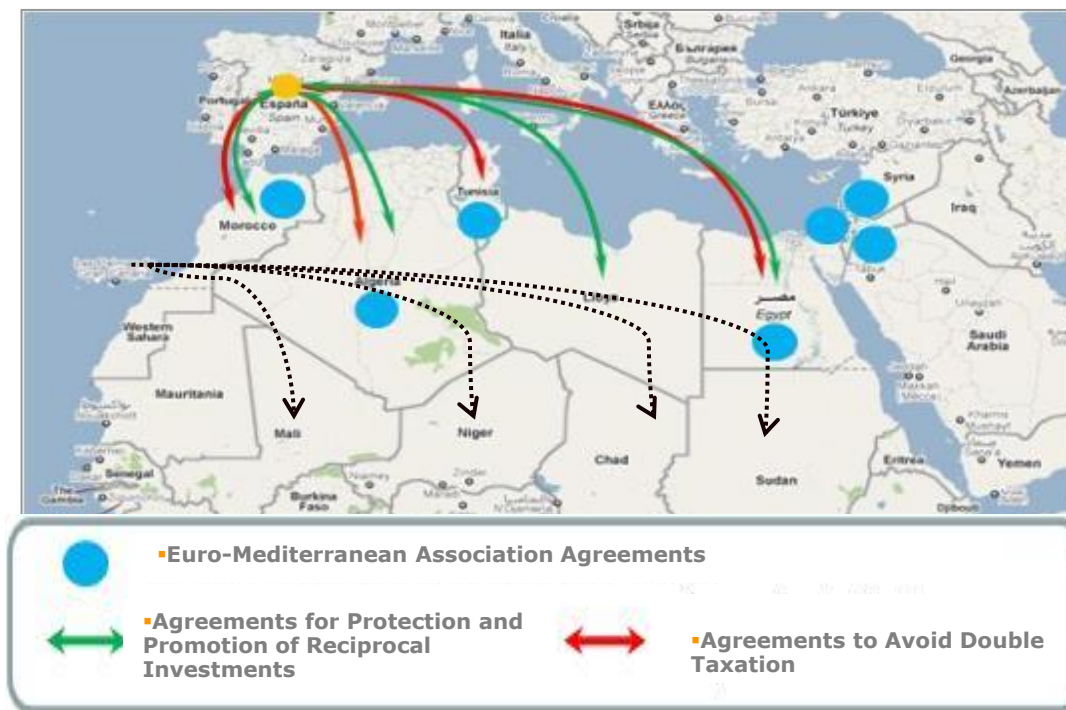
Sigma
alimentos

LATIBEX: the single international market for Latin American securities regulated by the Spanish Stock Market.

- Bradespar (Brazil)
- Banco Bradesco (Brazil)
- Braskem (Brazil)
- Copel (Brazil)
- Eletrobras (Brazil)
- Gerdau (Brazil)
- Petrobras (Brazil)
- Usiminas (Brazil)
- Vale (Brazil)
- Cemig (Brazil)
- Alfa (Mexico)
- América Móvil ((Mexico)
- Banorte (Mexico)
- Corp.Geo (Mexico)
- Grupo Elektra (Mexico)
- Share Holding (Mexico)
- Grupo Azteca (Mexico)
- Banco Santander Rio (Argentina)
- BBVA Banco Francés (Argentina)
- Volcán Compañía Minera (Peru)

Spain is also a suitable platform within the European market for doing business with North-African, Mediterranean, and Middle East countries:

- ❑ 19 Bilateral Agreements to Avoid Double Taxation
- ❑ 15 Bilateral Agreements for Reciprocal Protection And Promotion of Investments

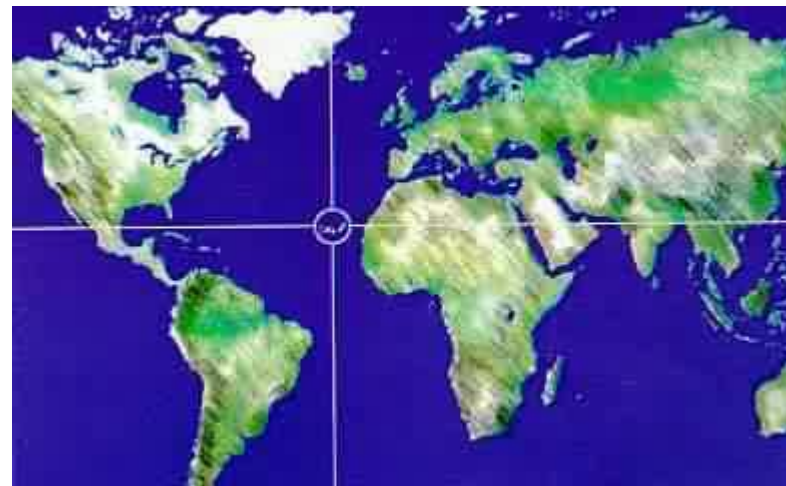


Euro-Mediterranean Association Agreements with Egypt, Israel, Jordan, Lebanon, Morocco, Tunisia and Algeria for the gradual liberalization of trade in the Mediterranean area.

The Canary Islands are a strategic hub for doing business in Africa.

Key Role of the Spanish Canary Islands Special Zone (ZEC) as a commercial and logistic hub with Africa

- Geoestrategic location: On the **Southernmost border of the European Union (EU)**
- Strong historical and commercial ties with Africa and America
- Tax benefits for ZEC entities
- Authorized by the European Commission in January 2000



- ✓ Europe's most beneficial tax regime (4% corporate tax rate).
- ✓ Excellent communications and services infrastructure.
- ✓ Interesting tri-continental logistic platform to Africa, Latin America and Europe



www.zec.org

Cities and regions among the most relevant destinations for the future

Top ranking destination according to fDI

TOP 10 MID-SIZED EUROPEAN CITIES OF THE FUTURE 2016/17 – FDI STRATEGY

RANK	CITY	COUNTRY
1	Wrocław	Poland
2=	Edinburgh	UK
2=	Liverpool	UK
4	Bilbao	Spain
5	Zurich	Switzerland
6	Nottingham	UK
7	Cardiff	UK
8	Málaga	Spain
9	Ostrava	Czech Republic
10	Brno	Czech Republic

TOP 10 LARGE EUROPEAN REGIONS OF THE FUTURE 2016/17 – HUMAN CAPITAL AND LIFESTYLE

RANK	REGION	COUNTRY
1	South East England	UK
2	North Rhine-Westphalia	Germany
3	Baden-Württemberg	Germany
4	Bavaria	Germany
5	Île-de-France	France
6	Central Federal District	Russia
7	Comunidad de Madrid	Spain
8	South West England	UK
9	Hesse	Germany
10	Saxony	Germany

TOP 10 SOUTHERN EUROPEAN CITIES OF THE FUTURE 2016/17

RANK	CITY	COUNTRY
1	Istanbul	Turkey
2	Madrid	Spain
3	Barcelona	Spain
4	Milan	Italy
5	Lisbon	Portugal
6	Ljubljana	Slovenia
7	Rome	Italy
8	Ankara	Turkey
9	Zagreb	Croatia
10	Bilbao	Spain

TOP 10 SOUTHERN EUROPEAN REGIONS OF THE FUTURE 2016/17

RANK	REGION	COUNTRY
1	Catalonia	Spain
2	Istanbul Province	Turkey
3	Comunidad de Madrid	Spain
4	Lombardy	Italy
5	Basque Country	Spain
6	Lazio	Italy
7	Emilia-Romagna	Italy
8	Andalusia	Spain
9	Srem District	Serbia
10	Lisbon	Portugal

TOP 10 MAJOR EUROPEAN CITIES OF THE FUTURE 2016/17 – FDI STRATEGY

RANK	CITY	COUNTRY
1	Barcelona	Spain
2	London	UK
3	Stockholm	Sweden
4	Dublin	Ireland
5=	Amsterdam	Netherlands
5=	Vienna	Austria
7	Milan	Italy
8	Warsaw	Poland
9	Budapest	Hungary
10	Minsk	Belarus

TOP 10 MID-SIZED EUROPEAN REGIONS OF THE FUTURE 2016/17 – FDI STRATEGY

RANK	REGION	COUNTRY
1	Greater Copenhagen	Denmark
2	Tuscany	Italy
3	Northern Ireland	UK
4	Małopolska	Poland
5	Brabant	Netherlands
6	Basque Country	Spain
7=	Vojvodina	Serbia
7=	Wallonia	Belgium
9	Canary Islands	Spain
10	Stockholm Region	Sweden

TOP 10 MID-SIZED EUROPEAN REGIONS OF THE FUTURE 2016/17 – CONNECTIVITY

RANK	REGION	COUNTRY
1	Basque Country	Spain
2	Noord-Holland	Netherlands
3	Stockholm County	Sweden
4	Region Hovedstaden	Denmark
5	Rhineland-Palatinate	Germany
6	Brabant	Netherlands
7	Canary Islands	Spain
8	Uusimaa	Finland
9	South Holland	Netherlands
10	Languedoc-Roussillon	France

TOP 10 MAJOR EUROPEAN CITIES OF THE FUTURE 2016/17 – BUSINESS FRIENDLINESS

RANK	CITY	COUNTRY
1	London	UK
2	Dublin	Ireland
3	Paris	France
4	Warsaw	Poland
5	Barcelona	Spain
6	Moscow	Russia
7	Bucharest	Romania
8	Istanbul	Turkey
9	Budapest	Hungary
10	Amsterdam	Netherlands

TOP 10 LARGE EUROPEAN REGIONS OF THE FUTURE 2016/17 – FDI STRATEGY

RANK	REGION	COUNTRY
1	Scotland	UK
2	North Rhine-Westphalia	Germany
3	Lombardy	Italy
4	Catalonia	Spain
5	Andalusia	Spain
6=	Emilia-Romagna	Italy
6=	Île-de-France	France
8	Comunidad Valenciana	Spain
9	Flanders	Belgium
10	Comunidad de Madrid	Spain

Source: fDi European Regions and Cities of the Future 2016/2017 Rankings

3. Macroeconomic situation and structural reforms

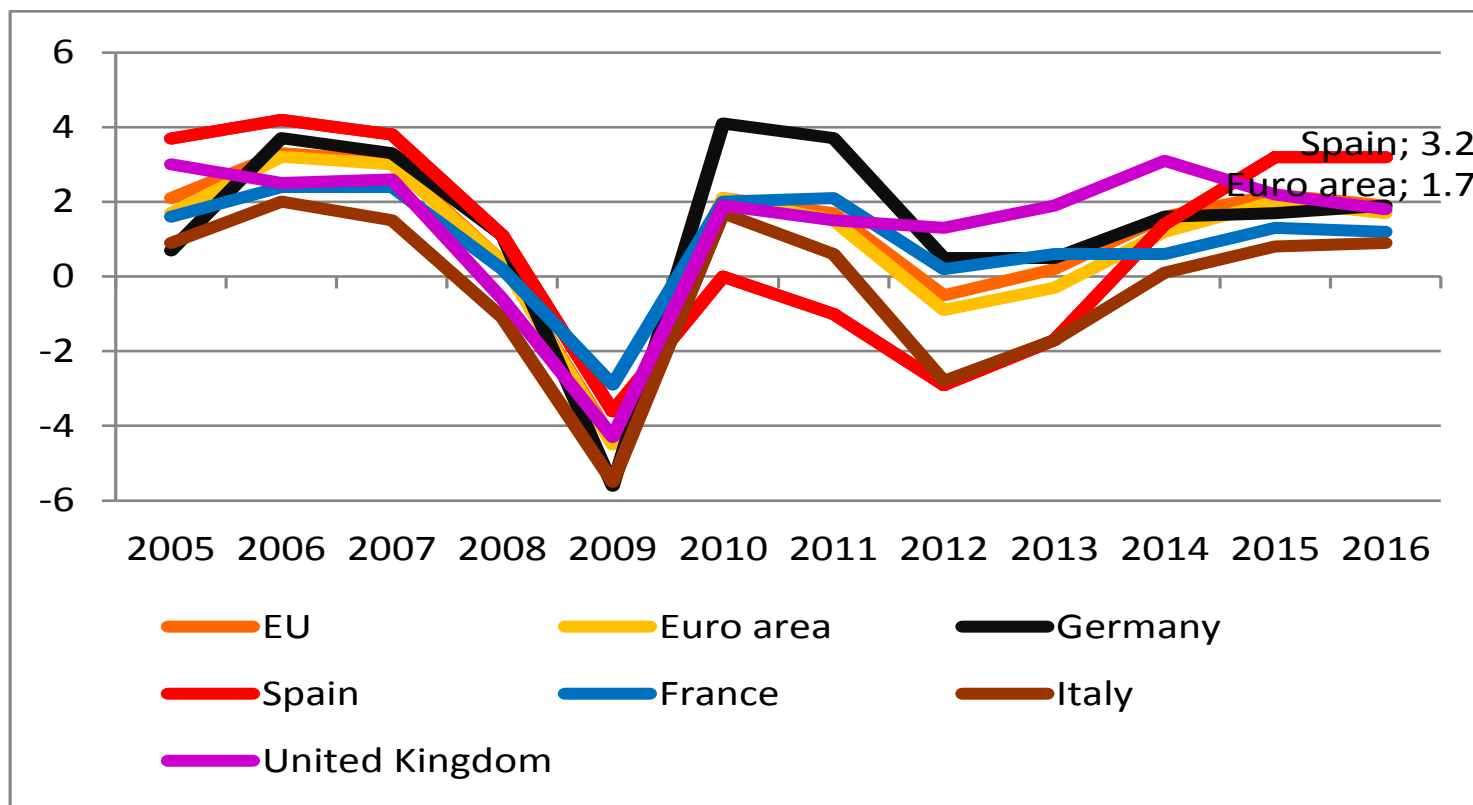
■ Sustained and elevated growth

	Period 2014-2019						
Percentage Change	2014	2015	2016	2017	2018	2019	2020
Real GDP *	1.4	3.2	3.2	3,0	2.6	2.5	2.4
Private Consumption	1.6	2,9	3.2	2.6	2.4	2.3	2.2
General Government Consumption	-0.3	2.0	0.8	0.8	0.7	0.7	0.7
Gross Fixed Capital Formation	3.8	6.0	3.1	3,9	3.6	3.9	3.8
Domestic Demand (*)	1.9	3.3	2.8	2.5	2.2	2.2	2.1
Exports of Goods and Services	4.2	4,9	4,4	6.5	5,4	4.8	4.6
Imports of Goods and Services	6.5	5,6	3,3	5.4	4.7	4.5	4.3
External Balance (*)	-0.5	-0.1	0.5	0.5	0.4	0.3	0.3

(*) Contributions to GDP in p.p

Source: INE and Ministry of Economy, Industry and Competitiveness

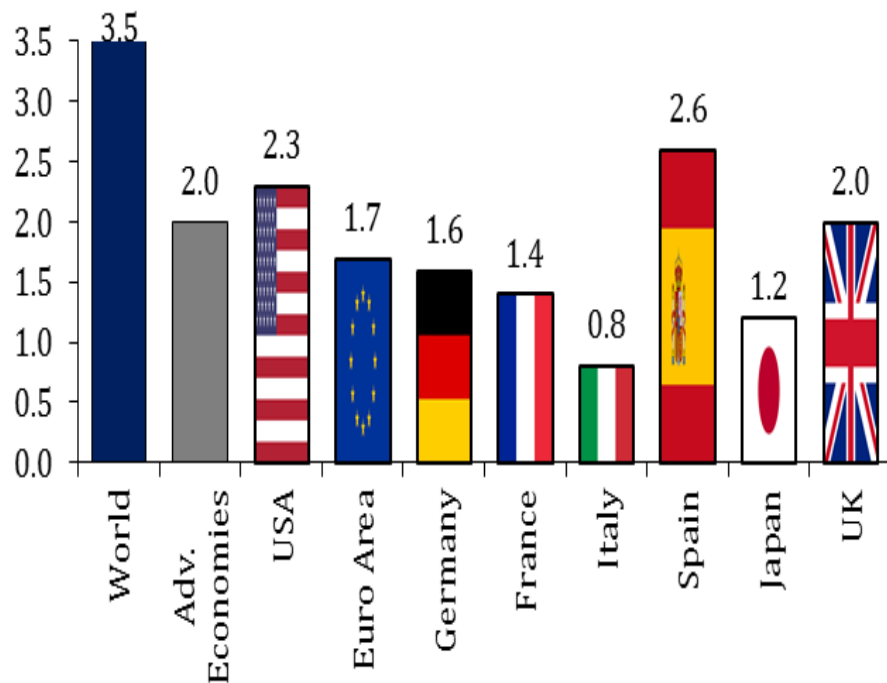
- **The Spanish economy has grown by 3.2% in 2016.** This is the highest level of growth of any of the major European economies and almost double the average in the Eurozone



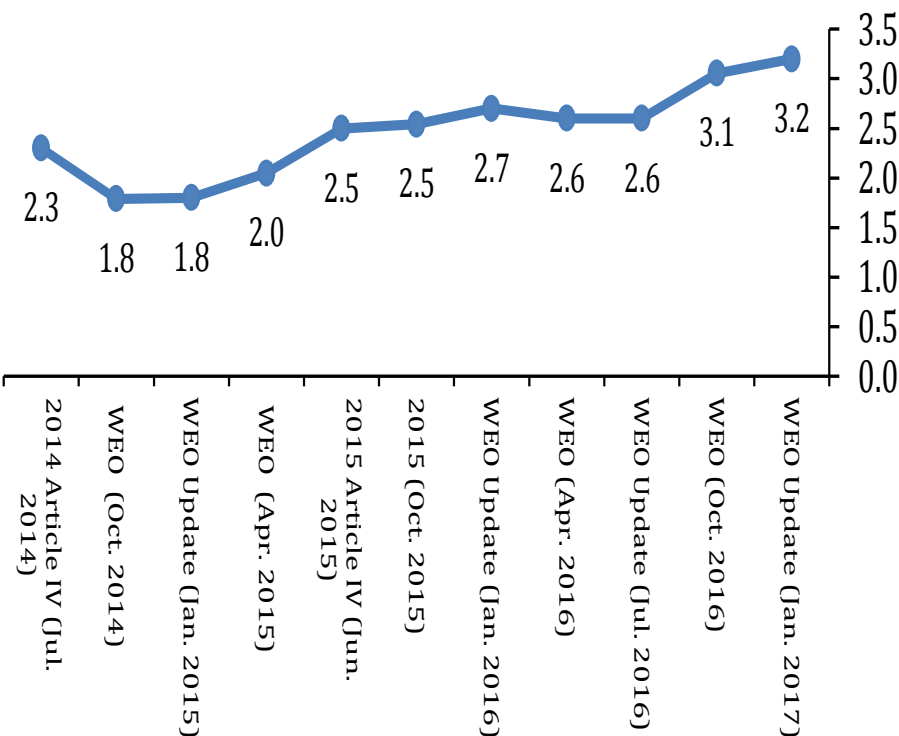
Source: Eurostat

- Spain set to be one of the fastest growing large advanced economies in 2017.
- This is a cautious forecast. Spanish economy has outperformed growth expectations in the last few years.

IMF Growth Forecasts for 2017
(Year-on-Year Growth Rates)



IMF GDP Forecasts for 2016 since 2014
(Year-on year-growth rates)

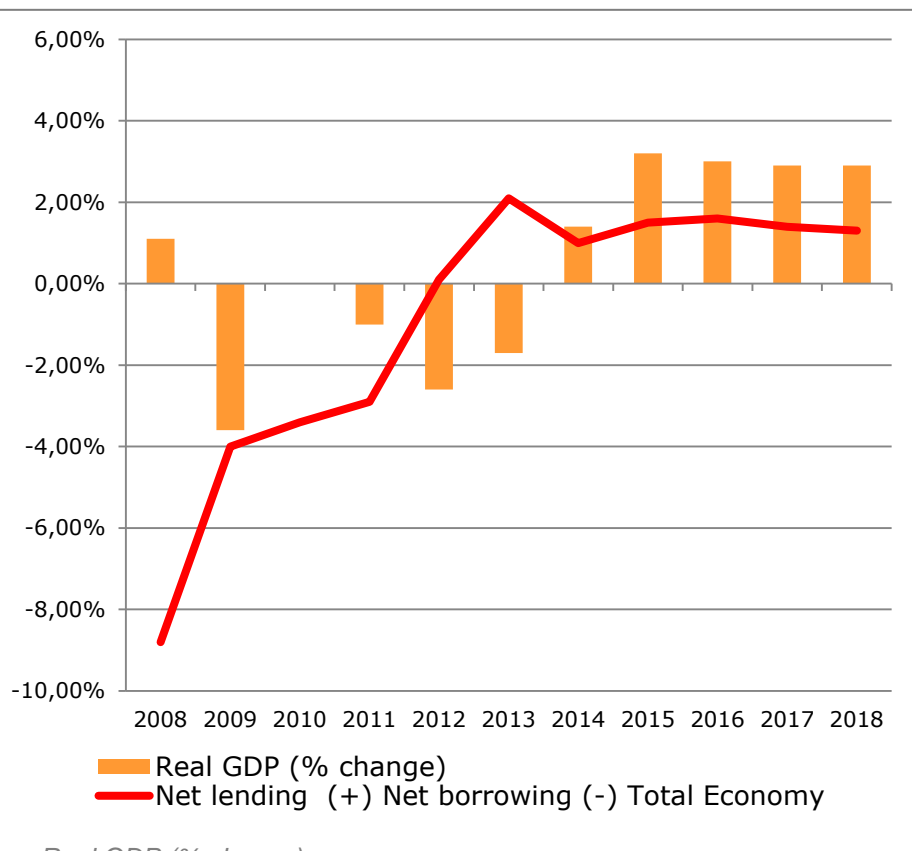


Source: IMF

GDP growth and current account balance

Unlike previous expansions, growth is being consistent with external surplus

GDP growth and current account balance

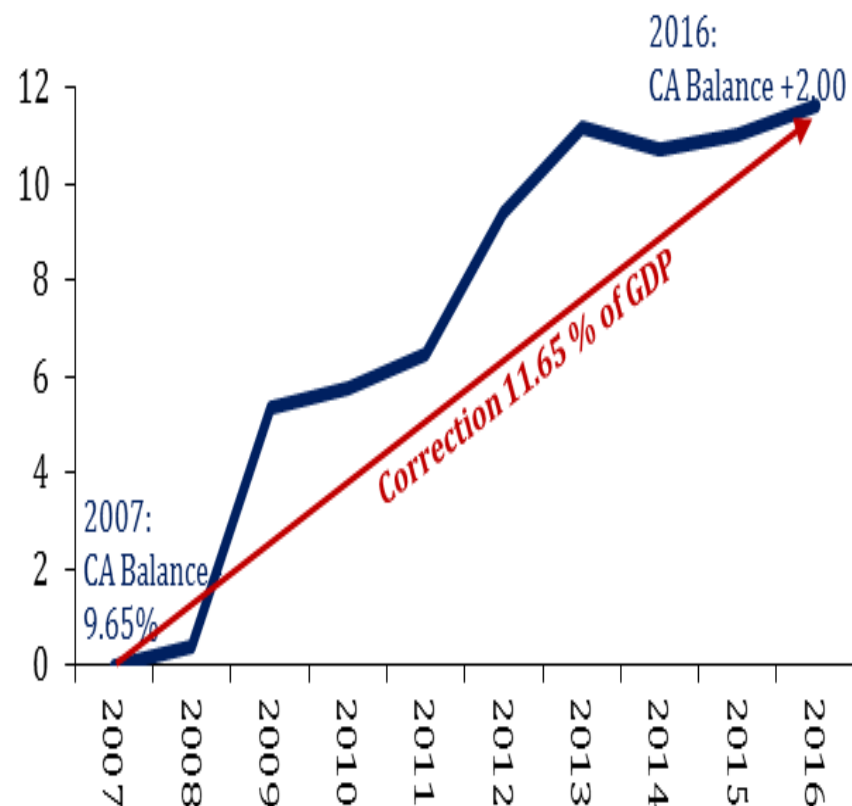


Real GDP (% change)

Current account balance (%GDP)

Source: National Statistics Institute and Ministry of Economy, Industry and Competitiveness

Current Account Adjustment since 2007.



Public Sector Reform

Fiscal consolidation at all levels of Public Administration

Financial System Reform

Restructuring process completed in 2013

Labour Market Reform

Competitive Labour Costs: More Flexibility, Productivity, Employment & Training

Tax Reform

Favourable tax rate on corporate income (25%). Tax Incentives

Competitive Markets

Single Market Law. Services & Product Markets Liberalization

Investments and R&D Incentives

EU Framework: Competitiveness, Employment & R&D activities

External Sector

More openness means a more Competitive & Resilient Economy

Visa & Work Permits

Fast Track for International Investors on Residence & Working Visa.

4. Business climate

- **Setting Up a Business**
- **Infrastructure and Technology**
- **Incentives and taxes**
- **Human capital: Productivity, Skilled Labour Force and Competitive Costs**
- **Immigration**
- **Quality of life: Expat setting up**

4. Business climate

- **Setting Up a Business**

- ❑ **National Treatment:** In Spain, foreign investors are accorded exactly the same treatment as Spanish investors, with no discrimination as regards the type or size of the investment. Foreign investments in Spain do not require, as a general principle, any prior authorization, nor do they require any kind of administrative verification.
- ❑ **Setting up a business in Spain is simple.** There are a wide range of possibilities to match the needs of the different types of investor who wish to invest in or from Spain. An international investor is free to choose between the numerous alternatives that offer the Spanish Law.

MAIN WAYS OF DOING BUSINESS IN SPAIN

Society	The most common forms used are the corporation (S.A.) and, principally, the limited liability company (S.L.)
Branch	It doesn't have own legal personality. Their activity and legal liability will be directly related to the parent company
Joint venture	An Economic Interest Grouping (E.I.G.) and a European E.I.G. (E.E.I.G.). A Temporary Business Association ("Unión Temporal de Empresas" or U.T.E.). Under a type of silent partnership arrangement peculiar to Spanish law ("cuenta en participación") Joint ventures through Spanish corporations or limited liability companies.
Limited Liability Entrepreneur	Pursuit of the activity directly by the individual where certain requirements are met.
Directly: Without setting up a business or entering into an association with existing business or establishing a physical center of operations in Spain	Signing a distribution agreement. Operating through an agent. Operating through commission agents. Franchising.
Acquisition of assets	Acquisition of real estate located in Spain or acquisition of businesses
Venture capital	Investment in venture capital entities

- ❑ **Transfer registered offices of foreign companies to Spain:** Unlike other some national laws, the Spanish legislation broadly admits the possibility for foreign companies to transfer its registered offices to Spain without affecting the legal personality of the company.
- ❑ **Welcome programme for investment firms and other financial institutions:** Spain is ready to welcome financial companies and institutions wishing to relocate their business to Spain. To this end, the Spanish Securities Regulator (CNMV) is developing a special program to facilitate and guide foreign financial companies and institutions through the authorization process.
- ❑ **Quick company setup:** Significant reduction of the red tape to start a business. Express procedure for telematic formation of limited liability companies in 24 hours.

Telematic Formation of a SL: Average Time	Less than 1 day	Between 1 and 5 days	Between 5 and 10 days	More than 10 days
Limited Liability Companies with Standard Bylaws	22.45%	36.16%	17.75%	23.64%
Limited Liability Companies without Standard Bylaws	24.14%	25.86%	20.69%	29.31%
Individual Entrepreneurs	84,93%	11,24%	2,02%	1,81%

Source: Ministry of Economy , Industry and Competitiveness

4. Business climate

- **Infrastructure and Technology**

International flights: main selected destinations

International flights from Spanish airports: More than 4,000 weekly flights to main international destinations. Spanish airports carried- arrivals and departures- 229.9 Million passengers by 672 Airlines connecting 136 countries and 338 cities. (2016), according to AENA.



Country	Thousands of passengers on board
United Kingdom	249,076
Germany	201,454
Spain	194,251
France	146,040
Italy	135,124
Netherlands	70,622
Switzerland	50,566
Greece	45,541
Portugal	40,604
Norway	38,339
Sweden	36,076

Source: Eurostat 2018. Last data available 2016

Direct non-stop flights between Spain and Selected Financial Cities

Weekly	Daily	Main Financial Destinations
Europe		
906	130	Brussels
584	84	Frankfurt
3591	513	London
661	94	Munich
1825	261	Paris
618	88	Zurich
USA		
61	9	Chicago
241	35	Miami
400	57	New York
Asia		
18	2	Beijing
8	3	Hong Kong
16	2	Shanghai
6	2	Singapore
6	2	Tokio
LATAM		
51	7	Mexico City
60	9	Santiago de Chile
94	13	Sao Paulo

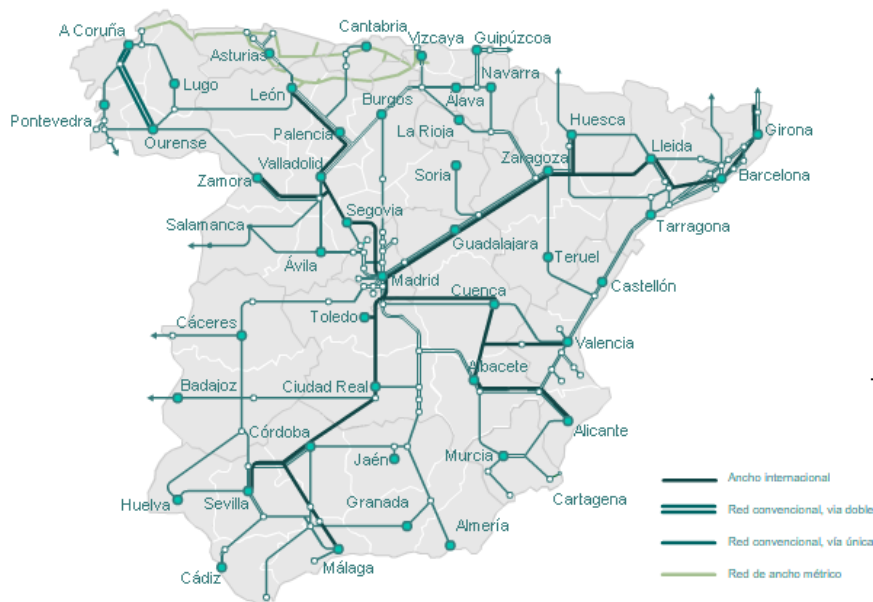
Source: Different sources an AENA, 2016.

Railway Network

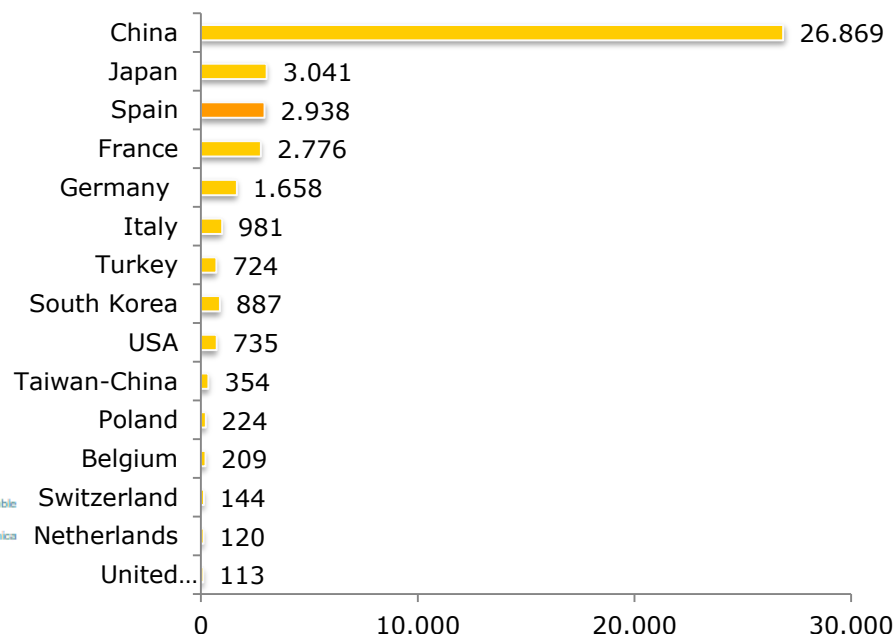
Spain is the 3rd largest worldwide (1st in Europe) in High-Speed Network and the European leader with more than 2,500km in service, travelling at an average commercial speed of 222 km/h, higher than that of Japan (218 km/h) and France (216 km/h). And a total railway network over 15,500 km.

According to The Global Competitiveness Report (World Economic Forum), Spain has one of the best indexes of rail road infrastructure Quality in the world, and one of the best subway systems in major cities.

Railway Network

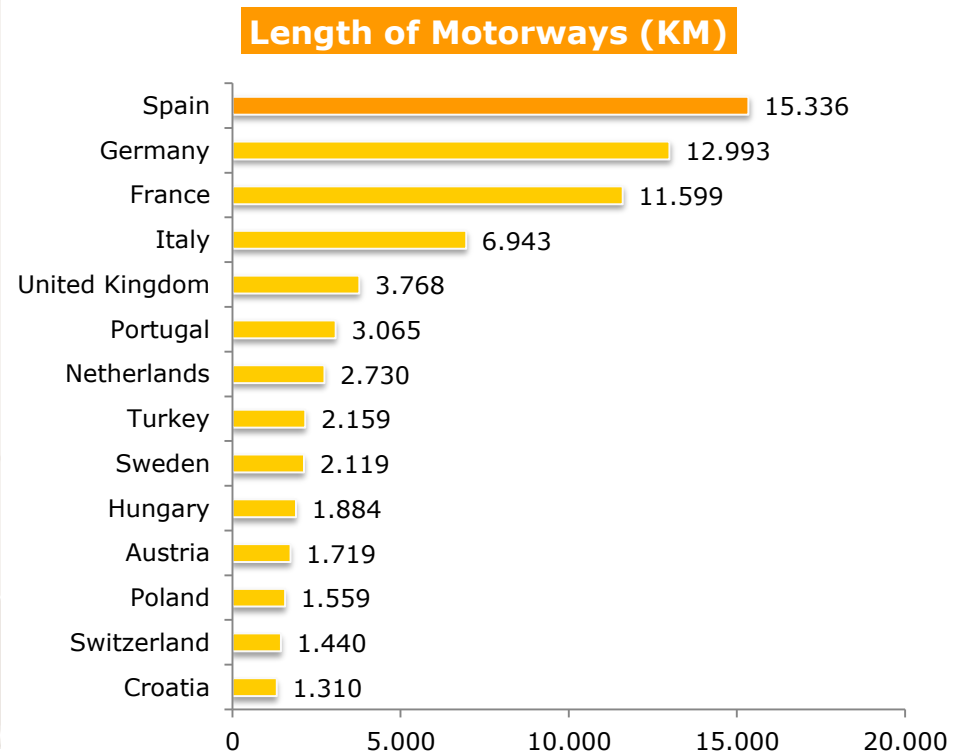


High-Speed Lines in the World (kilometers) In operation



Road Network

Spain has the largest EU highway network with 14,701 km. According to The Global Competitiveness Report (World Economic Forum), Spain has one of the best indexes of Quality of roads in the world.



Source: Eurostat 2018. Last data available.

Main Port Facilities

Excellent maritime connections, with **46 state-own ports** on both the Atlantic and the Mediterranean coasts, with 3 ports among the Top-20 container ports in Europe (Valencia, Algeciras, and Barcelona). According to The Global Competitiveness Report (World Economic Forum), Spain has one of the best indexes of Quality of port infrastructures in the world.

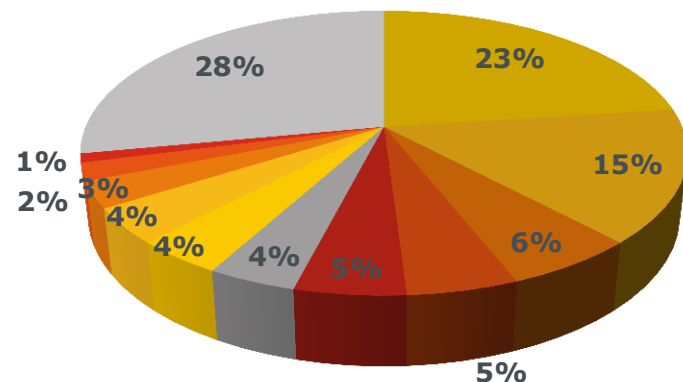
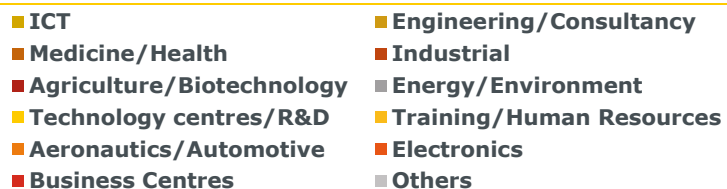


Container traffic - European ports 2017		
Rank	City	(in Th.TEUs)
1	Rotterdam	13,735
2	Antwerpen	10,451
3	Hamburg	8,820
4	Bremerhaven	5,537
5	Valencia	4,832
6	Algeciras	4,381
7	Piraeus	4,060
8	Felixstowe	3,810
9	Marsaxlokk	3,150
10	Barcelona	2,969
11	Le Havre	2,884
12	Genoa	2,638
13	Gioia Tauro	2,449
14	Southampton	2,035
15	Sines	1,669

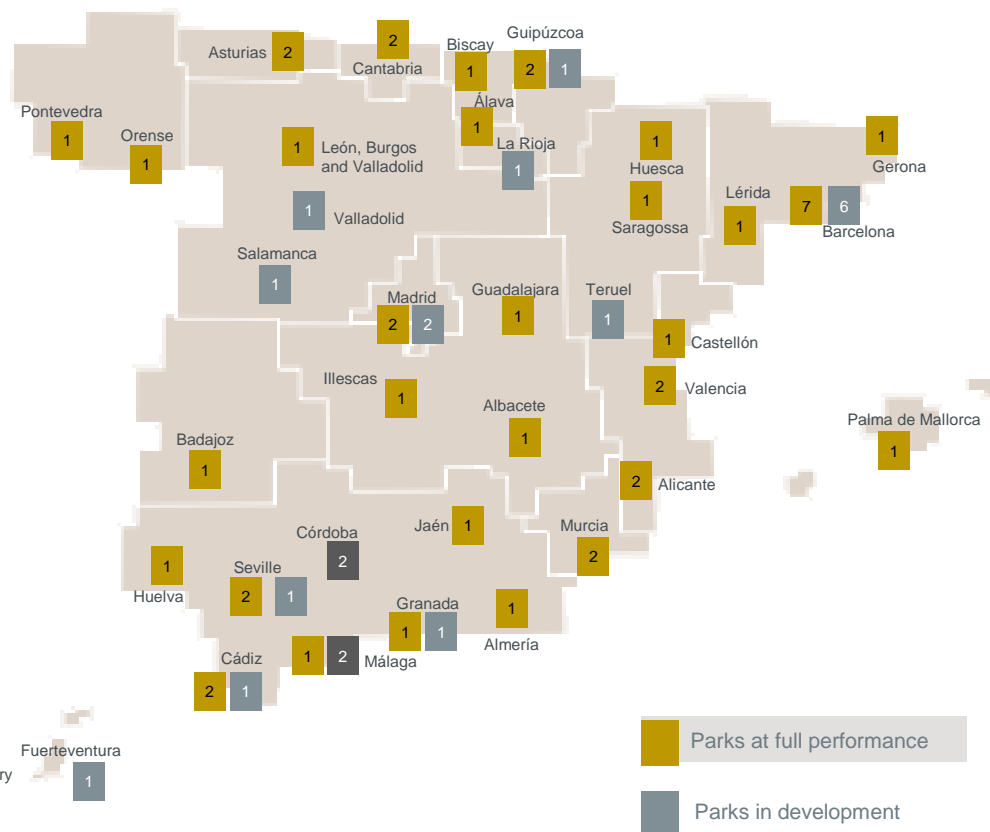
Source: European Sea Ports Organization. ESPO & Puerto del Estado, 2015.

Over 70 Technology Parks

The main sectors of the companies located in the Parks

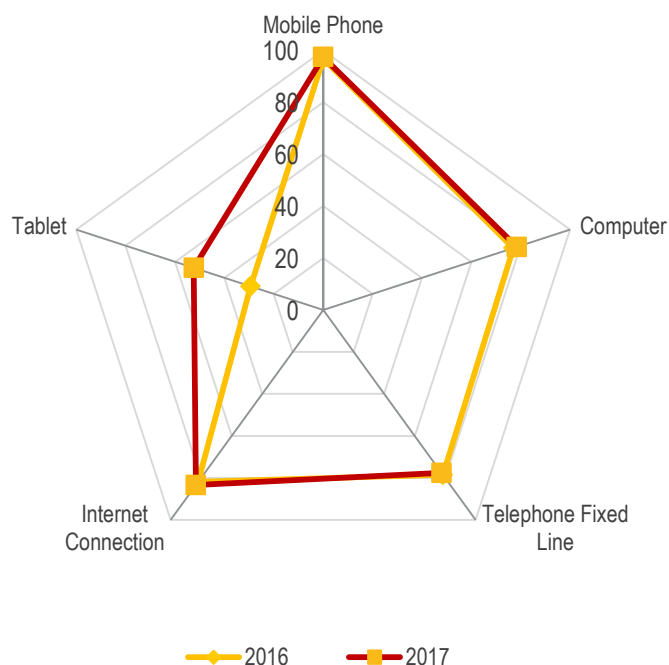


66 parks in the Association of Science and Technology Parks of Spain, hosting 6286 companies

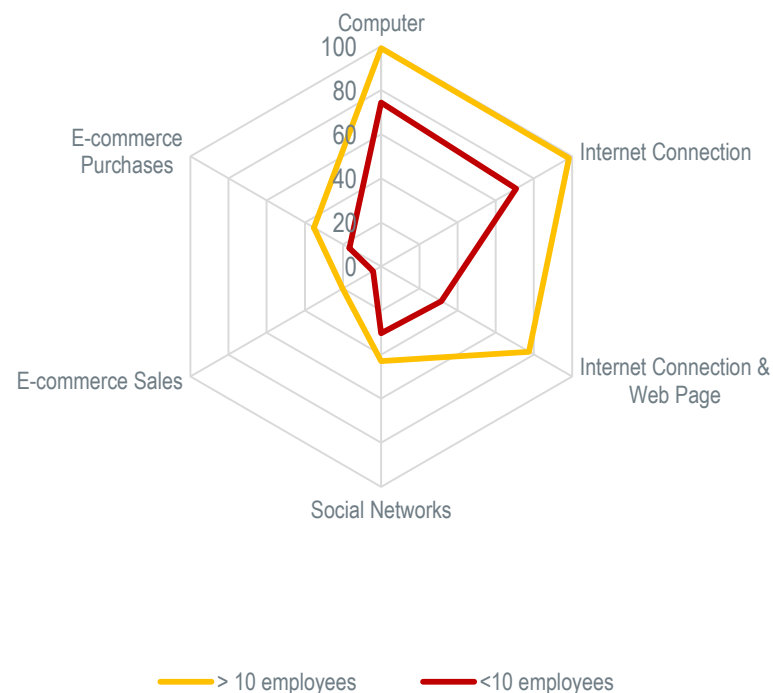


Technology Household & Business Penetration

ICT Household equipment in Spain

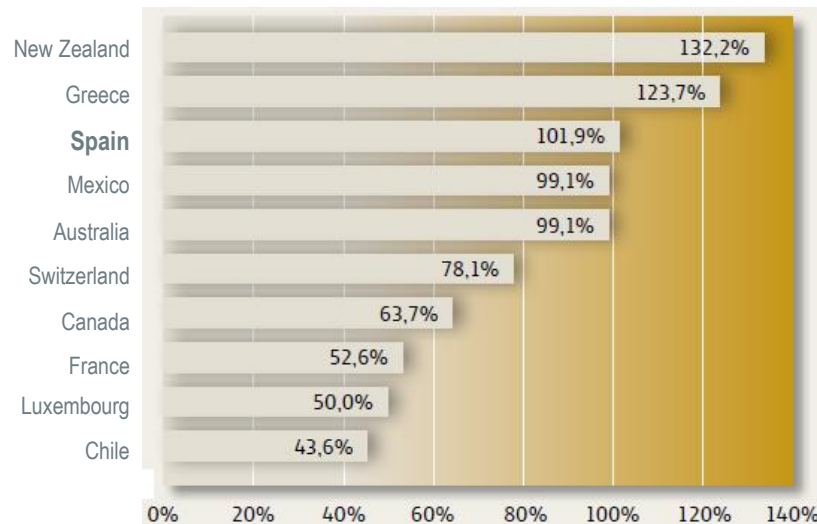
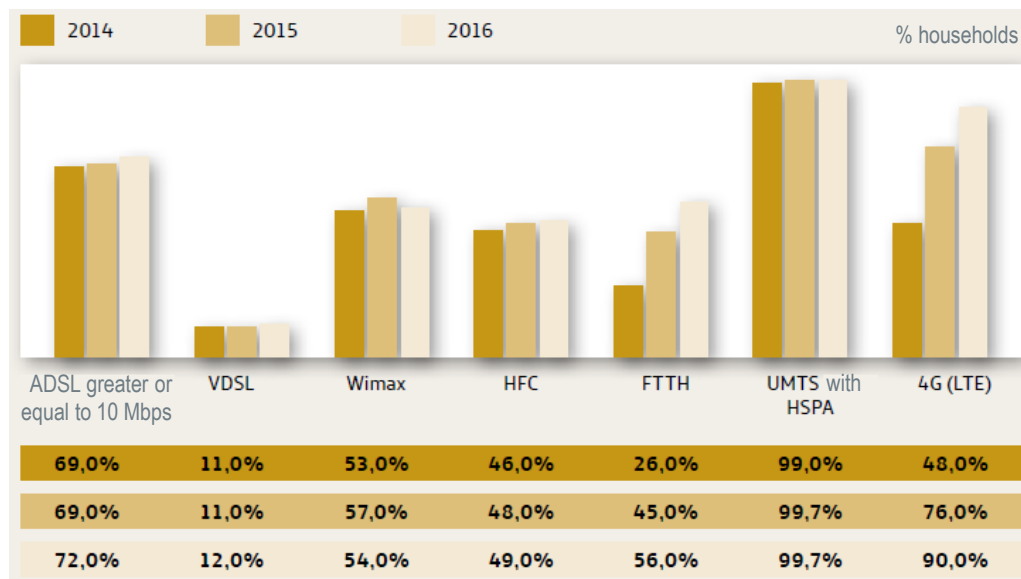


ICT Infrastructures in Spanish Businesses



- ❖ **Spain** is the 3rd country in the OECD with greater growth in implantation of fiber optic (101.9%).
- ❖ Broadband penetration in Spanish households keeps growing. In 2015 it was 77.8% and in 2016 it reached 81.2%.

Coverage Fixed Broadband by Technology



- ❖ In 2016, fiber optic covers a total of 10,039,416 households, 23.1% more than in 2015. Coverage reaches 55.6% of Spanish households, 10.8 points higher than 2015.
- ❖ Spain is the European country with the largest fiber optic network.

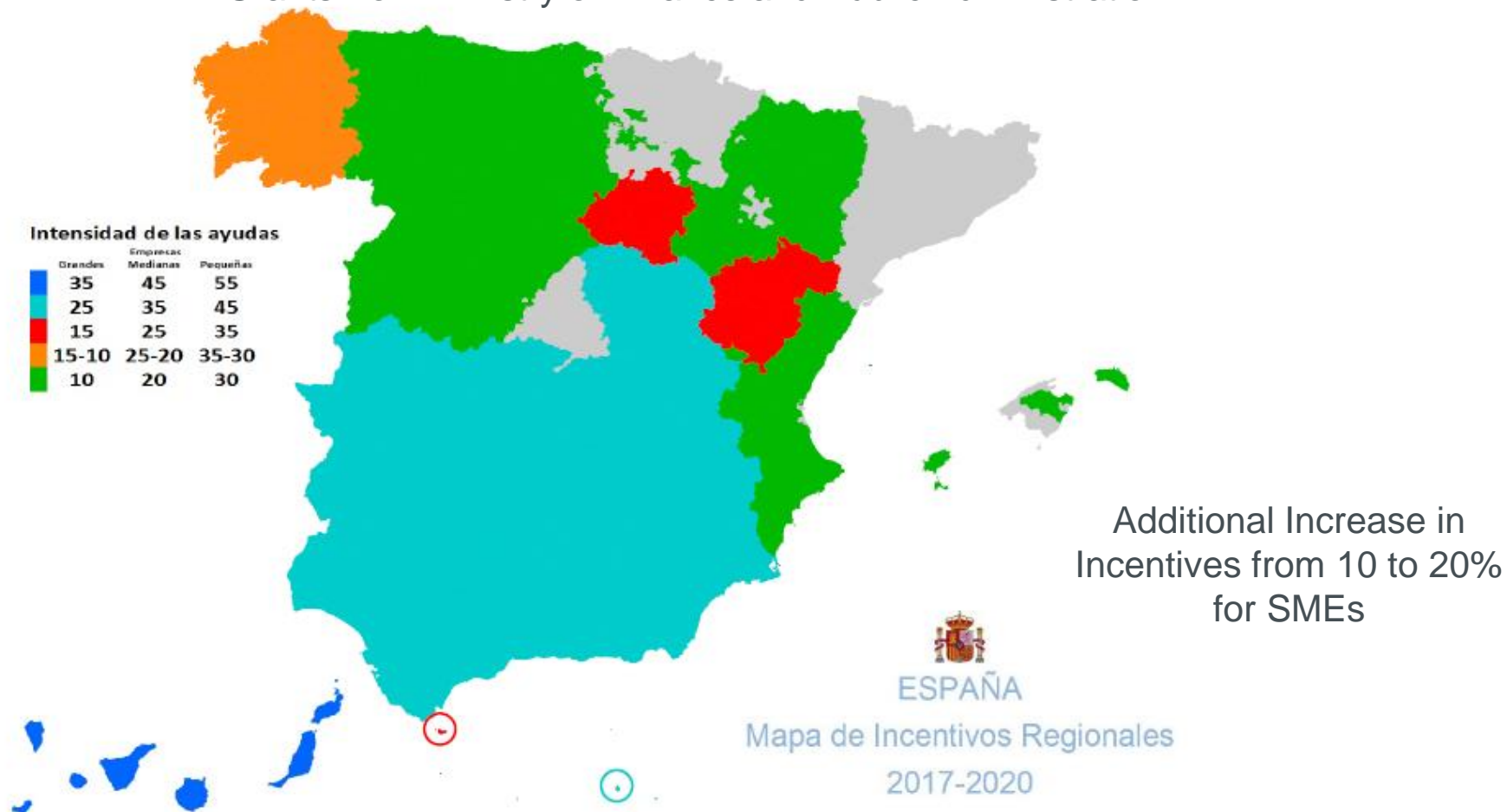
4. Business climate

- Incentives and taxes

Main incentives for productive investment

European Union Incentives Scheme for Large Companies in Spain

Grants from Ministry of Finance and Public Administration



There are other regional and local incentives available in all Autonomous Communities

Spain has got many Institutions that promote incentives in different calls along the year

R&D:



- The Centre for Industrial Technological Development (**CDTI**) has got a wide range of grants and loans at competitive low interest rate for technological projects.



- The **State Secretariat for Innovation** in the **Ministry of Economy, Industry and Competitiveness** (MINECO) also offers support with grants and loans for technological projects developed by companies and public bodies



- **INVEST IN SPAIN/ICEX** has developed a program for supporting foreign companies up to €200,000 for investments with a high degree of R&D in competitive tenders



- The National Innovation Company (**ENISA**) finances SMEs up to €1.5 million with participative loans at a very competitive interest rate and where no-guarantee is required.



- The Public organization **RED.ES** promotes the IT activities of technological companies and start-ups financing investments in infrastructures, equipments and so on.

Institutions that promote incentives

Investments:

- The Official Credit Institute (**ICO**) supports the creation/investment carried out by companies and entrepreneurs with loans/ leasing at a low rate
- The **Ministry of Energy, Tourism and the Digital Agenda** and The **Ministry of Economy Industry and Competitiveness** (MINECO) support investments in equipment and infrastructures with grants and loans for large and SMEs companies
- The Institute for Energy Diversification and Saving (**IDAE**) participates directly in projects with loans at a low interest rate



Human Resources:

- The **Ministry of Energy, Tourism and the Digital Agenda** and The **Ministry of Economy Industry and Competitiveness** (MINECO) support investments in human resources, training and hiring personnel with grants and loans



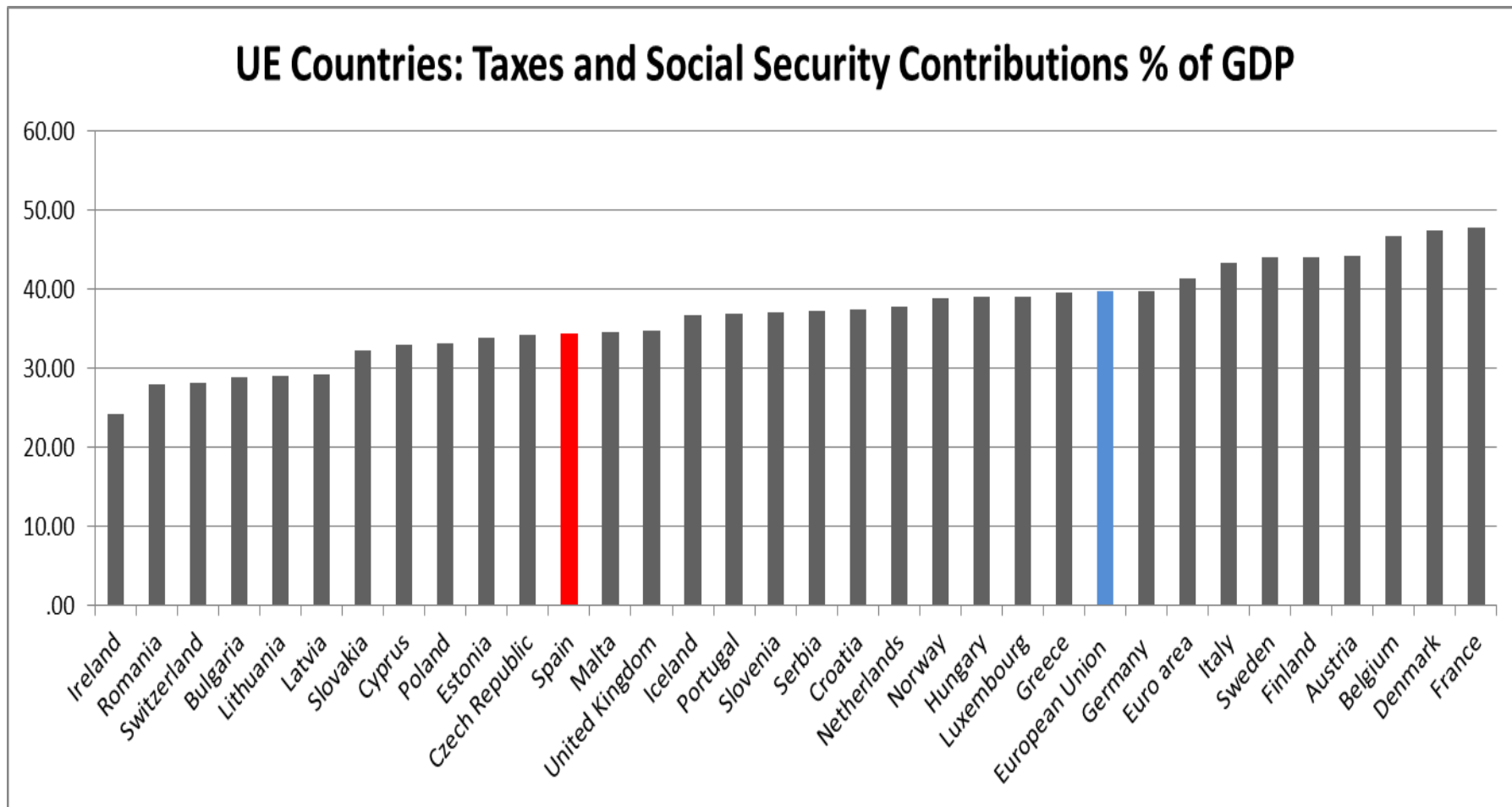
Incentives for hiring people

		Permanent Contract Incentives: Reduction in the employer's social security contribution		
		Company Size	Monthly Amount (€)	Term
National Youth Guarantee System		All	300 €	6 months
		Training Contracts Incentives: Reduction in the employer's social security contribution		
		Company Size	Annual Amount (€)	Term
New contract	Employee<30 years	Less than 250 employees	100%	Throughout the term of the contract
		More than 250 employees	75%	
	Training activities	All	Depends on the type of the training: Maximum: 4,160€	3 years
Conversion of Training, Apprenticeships Contracts into Permanent Contracts		All	1,800 € yearly for women 1,500 € yearly for men	3 years
Partial-Time contracts linked with training activities		Less than 250 employees	100% for common contingences	1 year + 1 year plus
		More than 250 employees	75% for common contingences	
		Hiring Incentives: Reduction in the employer's social security contribution		
		Company Size	Annual Amount (€)	Term
Research staff		All	40% for common contingences	Throughout the term of the contract
"First young job" contract		All	700 €/yearly for women	3 years
			500 €/yearly for men	
Apprenticeship contracts for first jobs		All	100% for common contingences when the companies hire beneficiaries of the National Youth Guarantee System	Throughout the term of the contract
Companies with less than 50 workers hiring unemployed	16>Employee<30	Less than 50 employees	Average of 1,200 €	3 years
	Employee>45 years		Average of 1,400 €	
Companies with up to 9 workers hiring unemployed	Employee<30 years	Up to 9 employees	100% for common contingences	1 year

Source: ICEX-Invest in Spain and Ministry of Employment and Social Security

■ Moderate Tax Burden

International Benchmarking shows that Spain is a country with a moderate ratio between Tax Revenues (Including Social Security Contributions) and GDP (34.4% GDP) much lower than EU average.



Source: Eurostat 2017. Data referred to 2015.

❑ **Lowest Corporate Income Tax Rate among the largest Eurozone economies: 25%**

Country	Corporate Income Tax Rate
France	34,43
Germany	30,18
Italy	31,29
Netherlands	25,00
Spain	25,00

Source: Eurostat 2017

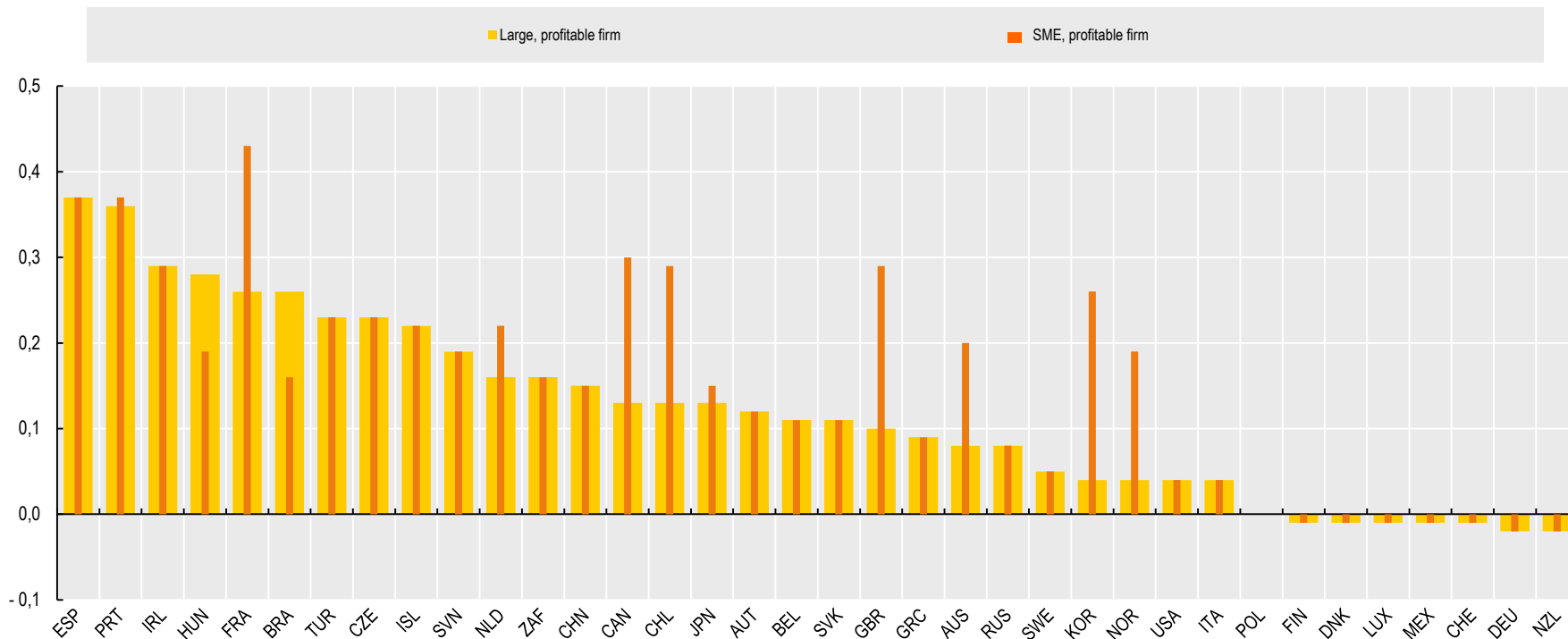
- ❑ **New Incentives for increase the equity of companies. Capitalization and Equalization Reserves:** Tax rate could be reduced to 20% if both capitalization and equalization reserves are applied.
- ❑ **Reduced corporate tax rate (15%) for new companies.** The reduced rate will be applicable for the first two years in which the company is generating profit.
- ❑ **An attractive allowance and deduction system .**

Most Favorable fiscal system for foreign investors and R+D and innovation activities among OECD countries

Patent Box: Tax benefits for R&D activities.

R & D and innovation Incentives: Financing, soft Loans & Grants for R&D and innovation projects

R&D Incentives: Tax relief



Note: The generosity of R&D tax incentives Indicator. ax subsidies are calculated as 1 minus the B index. For example, in Spain, 1 unit of R&D expenditure by large firms results in 0.349 unit of tax relief.

Source: "Science, Technology and Industry, Outlook". OCDE.

Tax Incentives for Internationalization

- 1. Participation Exemption system:** dividends or profit participations from business activities carried on abroad through subsidiaries or branches and the gains obtained from the transfer of these securities are tax exempt in Spain if the Spanish company holds a participation of at least 5% in the non resident company.
- 2. Favourable tax regime for non-resident employees assigned to Spain (inbound expatriates):** fixed rate of 24% (up to maximum of 600,000 €).
- 3. Goodwill amortization.** Goodwill can be amortized with the maximum annual limit of one-twentieth their amount.
- 4. Neutral tax regime for restructuring operations:** In order to facilitate corporate reorganizations the Spanish tax system provides for a well-established special regime based on the principles of non-intervention by the tax authorities and tax neutrality,
- 5. Spain has Double Taxation Agreements with 93 countries.** Spain has a significant Network of Double Taxation Agreements, particularly with countries in Latin America. Under these treaties, residents in foreign countries are taxed at a reduced rate, or are exempt from Spanish taxes on certain items of income they receive from sources within Spain.
- 6. Special Tax Regime applicable to Holding companies:.** Foreign Securities Holding Companies (in Spanish, ETVE)

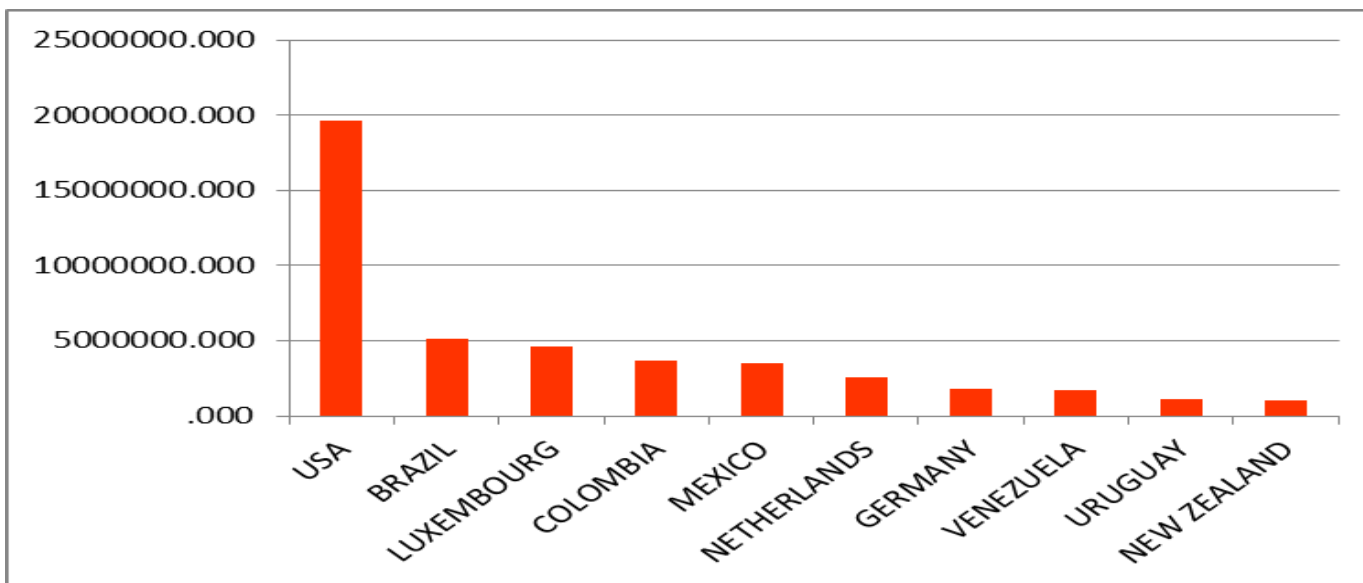
Agreements to avoid double taxation

AMERICA	EUROPE		ASIA	AFRICA
NORTH	EU MEMBERS	NON EU MEMBERS		
<u>USA</u> <u>Canada</u> <u>Mexico</u>	<u>Germany</u> <u>France</u> <u>United Kingdom</u> <u>Italy</u> <u>Netherlands</u> <u>Sweden</u> <u>Poland</u> <u>Belgium</u> <u>Austria</u> <u>Finland</u> <u>Greece</u> <u>Portugal</u> <u>Ireland</u> <u>Czech Republic</u> <u>Romania</u> <u>Hungary</u> <u>Slovakia</u> <u>Luxembourg</u> <u>Croatia</u> <u>Bulgaria</u> <u>Slovenia</u> <u>Latvia</u> <u>Lithuania</u> <u>Estonia</u> <u>Cyprus</u> <u>Malta</u>	<u>Russia</u> <u>Turkey</u> <u>Switzerland</u> <u>Norway</u> <u>Ukraine</u> <u>Belorussia</u> <u>Georgia</u> <u>Serbia</u> <u>Bosnia-Herzegovina</u> <u>Iceland</u> <u>Albania</u> <u>Armenia</u> <u>Macedonia</u> <u>Moldovan</u> <u>Andorra</u>	<u>China</u> <u>Japan</u> <u>South Korea</u> <u>Hong Kong</u> <u>Australia</u> <u>New Zealand</u> <u>Indonesia</u> <u>Thailand</u> <u>Malaysia</u> <u>Singapore</u> <u>Philippines</u> <u>Vietnam</u> <u>East Timor</u> <u>India</u> <u>Pakistan</u> <u>Saudi Arabia</u> <u>United Arab Emirates</u> <u>Kuwait</u> <u>Iran</u> <u>Omán</u> <u>Israel</u> <u>Kazakhstan</u> <u>Uzbekistan</u> <u>Turkmenistan</u> <u>Tayikistán</u> <u>Kyrgyzstan</u>	<u>South Africa</u> <u>Nigeria</u> <u>Egypt</u> <u>Algeria</u> <u>Morocco</u> <u>Tunisia</u> <u>Senegal</u>
CENTRAL				
<u>Cuba</u> <u>Dominican Republic</u> <u>Costa Rica</u> <u>Panama</u> <u>Trinidad and Tobago</u> <u>El Salvador</u> <u>Jamaica</u> <u>Barbados</u>				
SOUTH				
<u>Brazil</u> <u>Argentina</u> <u>Colombia</u> <u>Venezuela</u> <u>Chile</u> <u>Ecuador</u> <u>Bolivia</u> <u>Uruguay</u>				

Taxes: ETVEs

1. Foreign Securities Holding Companies (in Spanish, ETVE) is a Special Tax Regime applicable to Holding companies.
 - a) No taxation on paid-in dividends or paid-in capital gains.
 - b) No taxation on paid-out dividends/gains.
2. The attractiveness of ETVEs goes beyond the pure Tax Holding Regime. The ETVE regime is an opportunity for international investors to channel their outbound investments (in Europe, LATAM and other countries) through Spanish HoldCos.

Main Investors in Spanish ETVEs (billion euros)



Source: Ministry of Economy, Industry and Competitiveness , 2016. Data Referred to stock 2014

4. Business climate

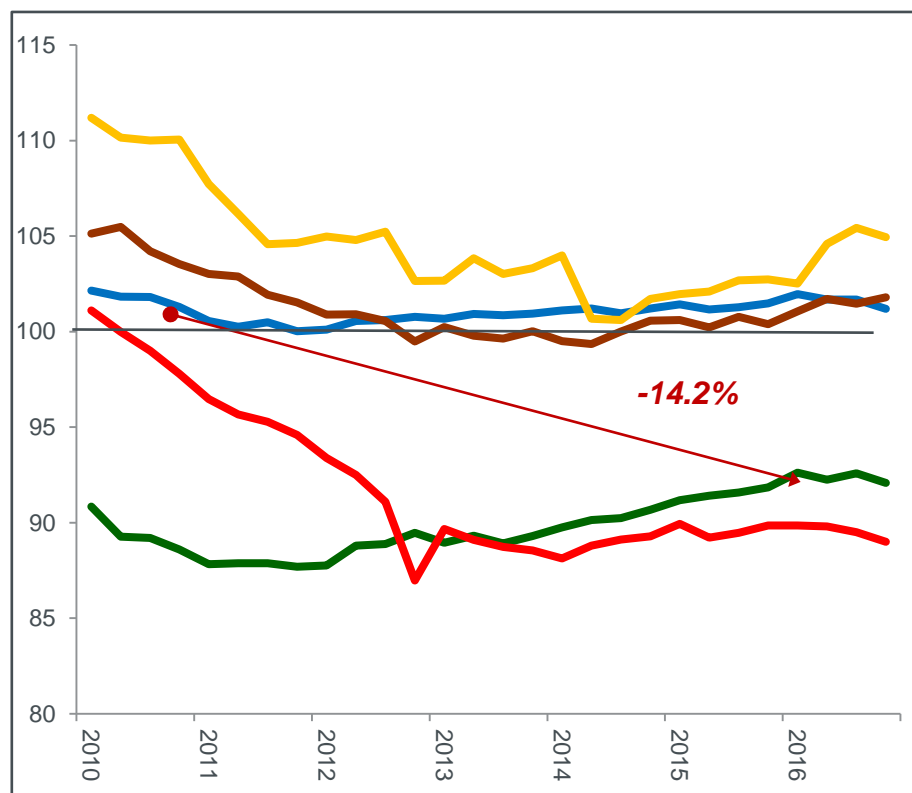
- **Human capital: Productivity, Skilled Labour Force and Competitive Costs.**

Labour Market Reform: Efficiency in labour market reform

- Fostering Labour flexibility and productivity at company level.
- **Firm-level salary bargaining prevails** over national, regional or sector collective agreements.
- Collective dismissals **without administrative authorization** are allowed for firms posting falling profits for three or more consecutive quarters and elimination of procedural wages.
- Convergence and **reduction of dismissal costs** in line with EU(28) average.
- Simplification and clarification of the regime for individual and collective dismissals due to **economic circumstances relate to sales, revenues trends**.
- Creation of a new permanent contract directed at SMEs

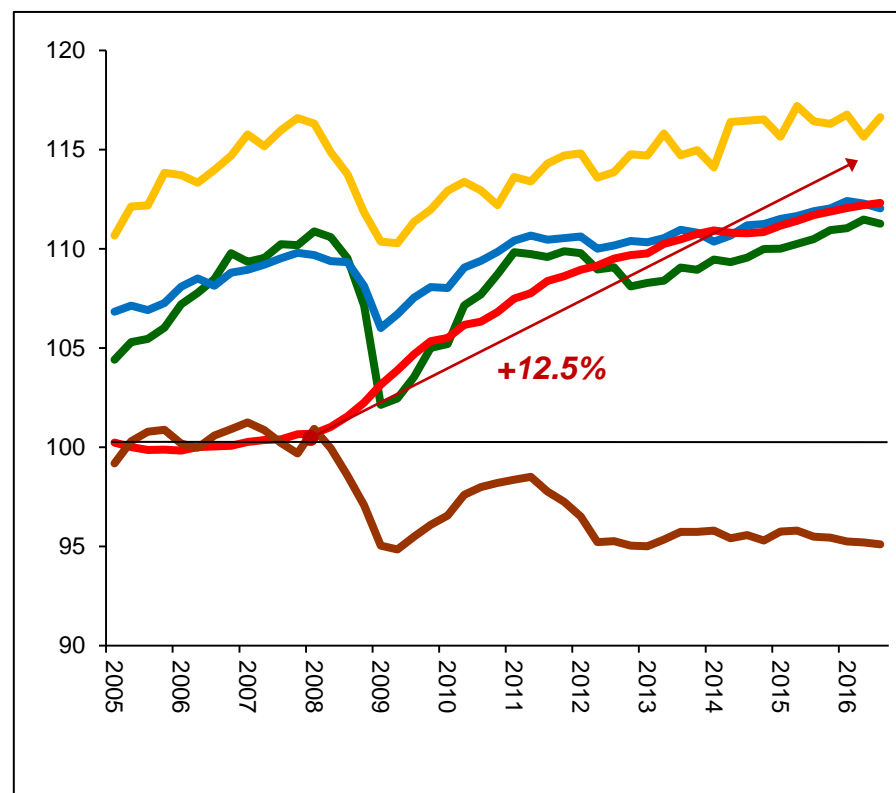
Labour Market Reform: More Flexibility, Productivity, Employment & Training

**Real Unit Labour Cost
(Index 1999=100)**



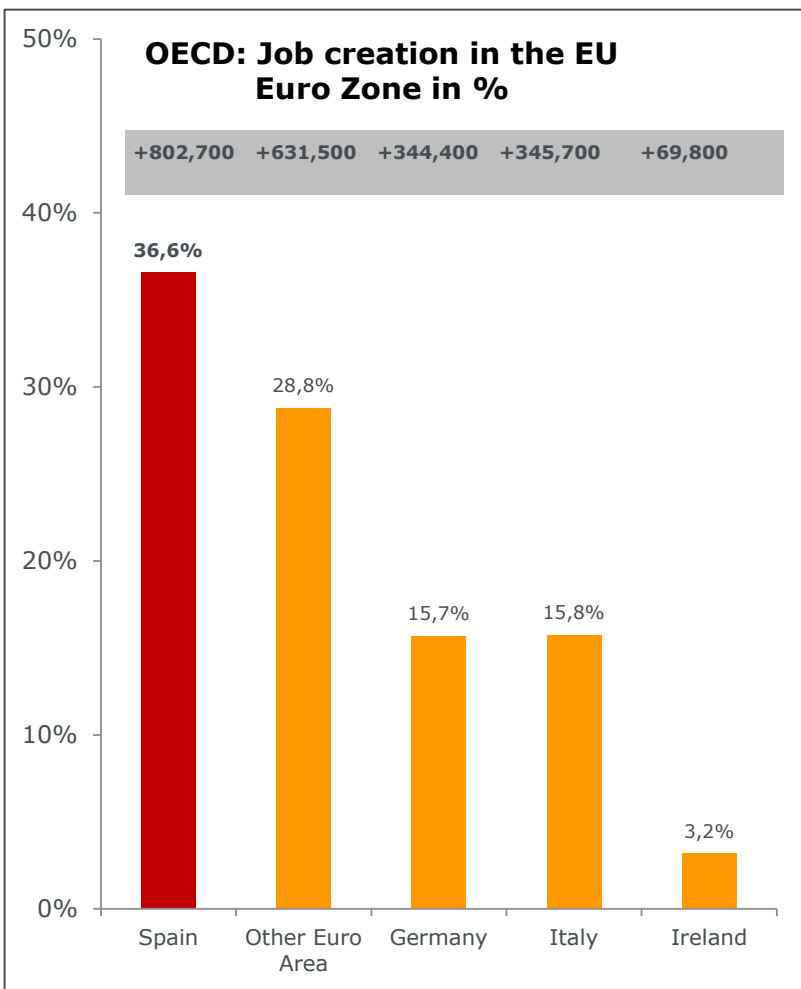
Source: Eurostat 2017
via Tesoro Público

**Real Productivity
(Index 1999=100)**

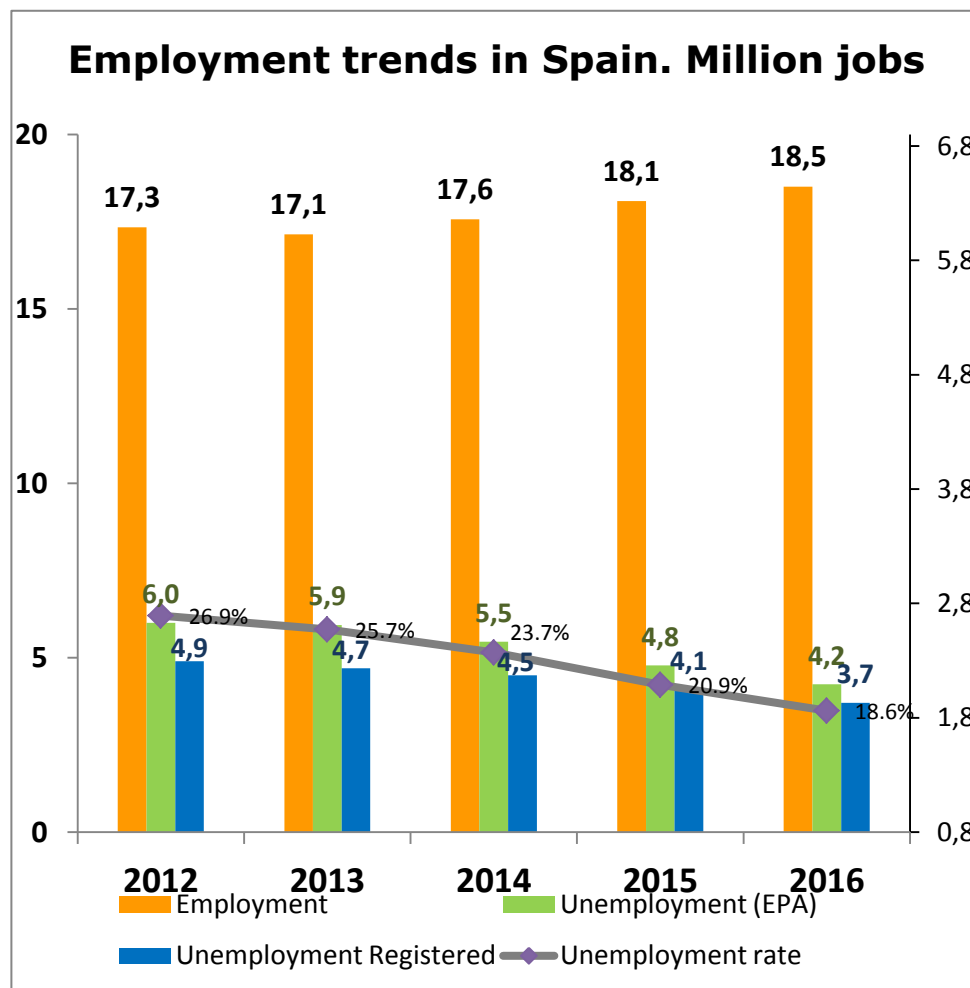


Source: Eurostat 2017
via Tesoro Público

Spain has generated 36.6% of all the employment created in the Euro Area since 2014



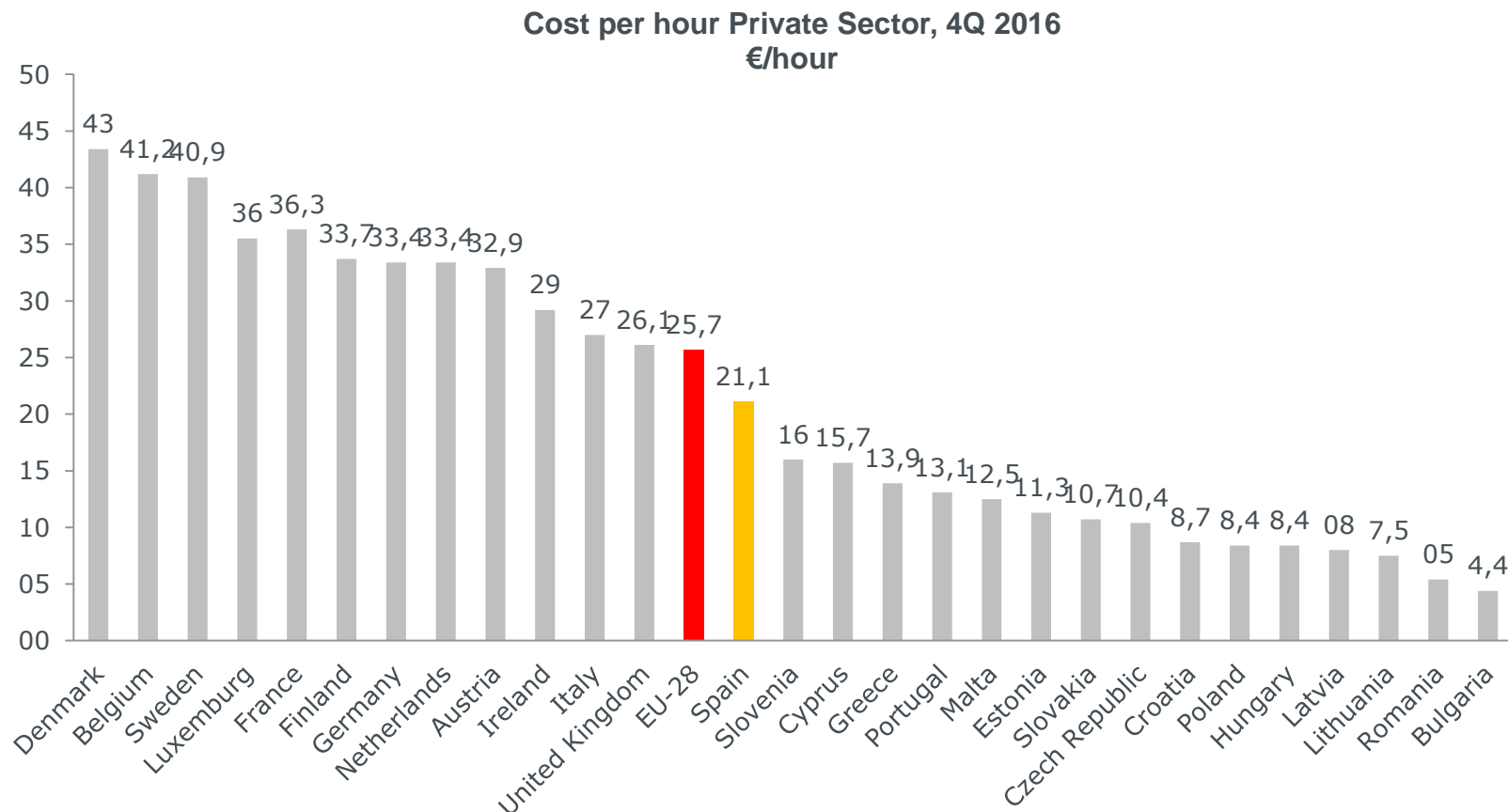
Source: OECD



Sources: National Statistics Institute INE. (Figures related to last quarter of every year in number of people) & Ministry of Employment & Social Security

Labour Costs

Labour costs in Spain are below the EU-28 average

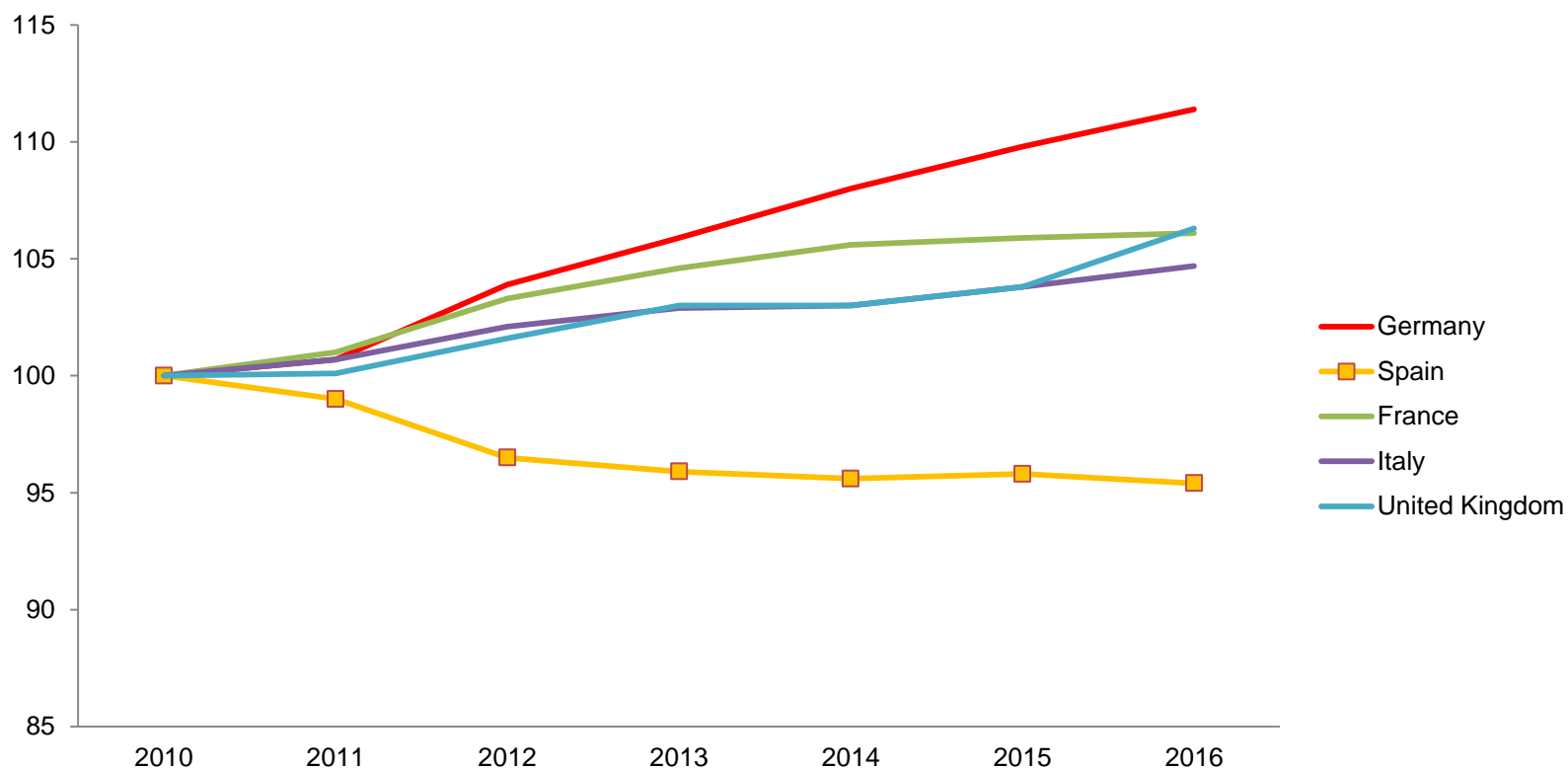


Source: Destatis 2017 (Federal Statistical Office Germany)

Labour Costs

Unit Labour Costs more competitive than main European economies

UNIT LABOUR COST EVOLUTION, 2010-2016
Index, 2010=100

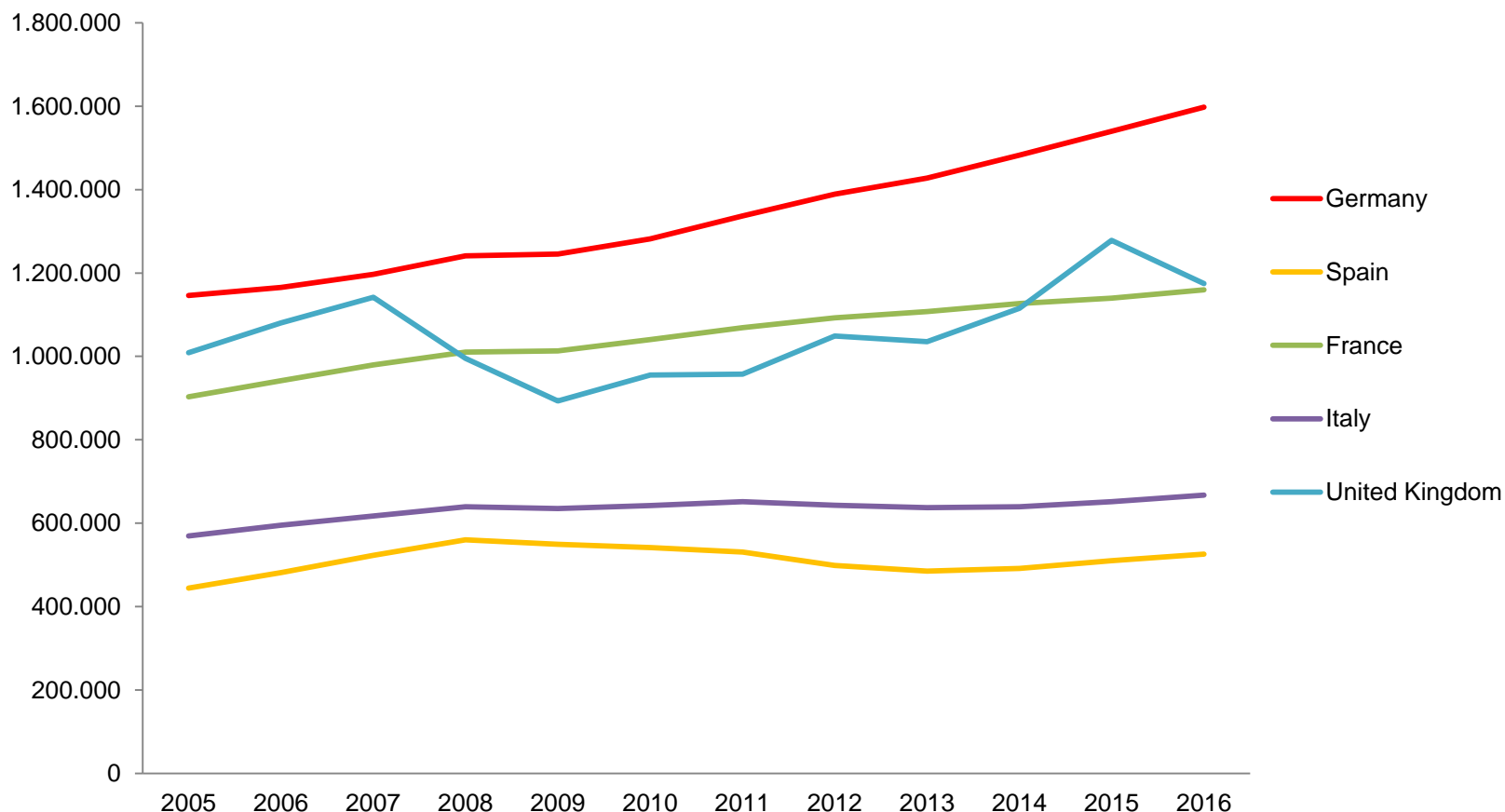


Source: Eurostat. September 2017

Compensation of employees

Spain has the lower employee compensation in comparison with main European economies

EMPLOYEE COMPENSATION
Millions € (current prices)

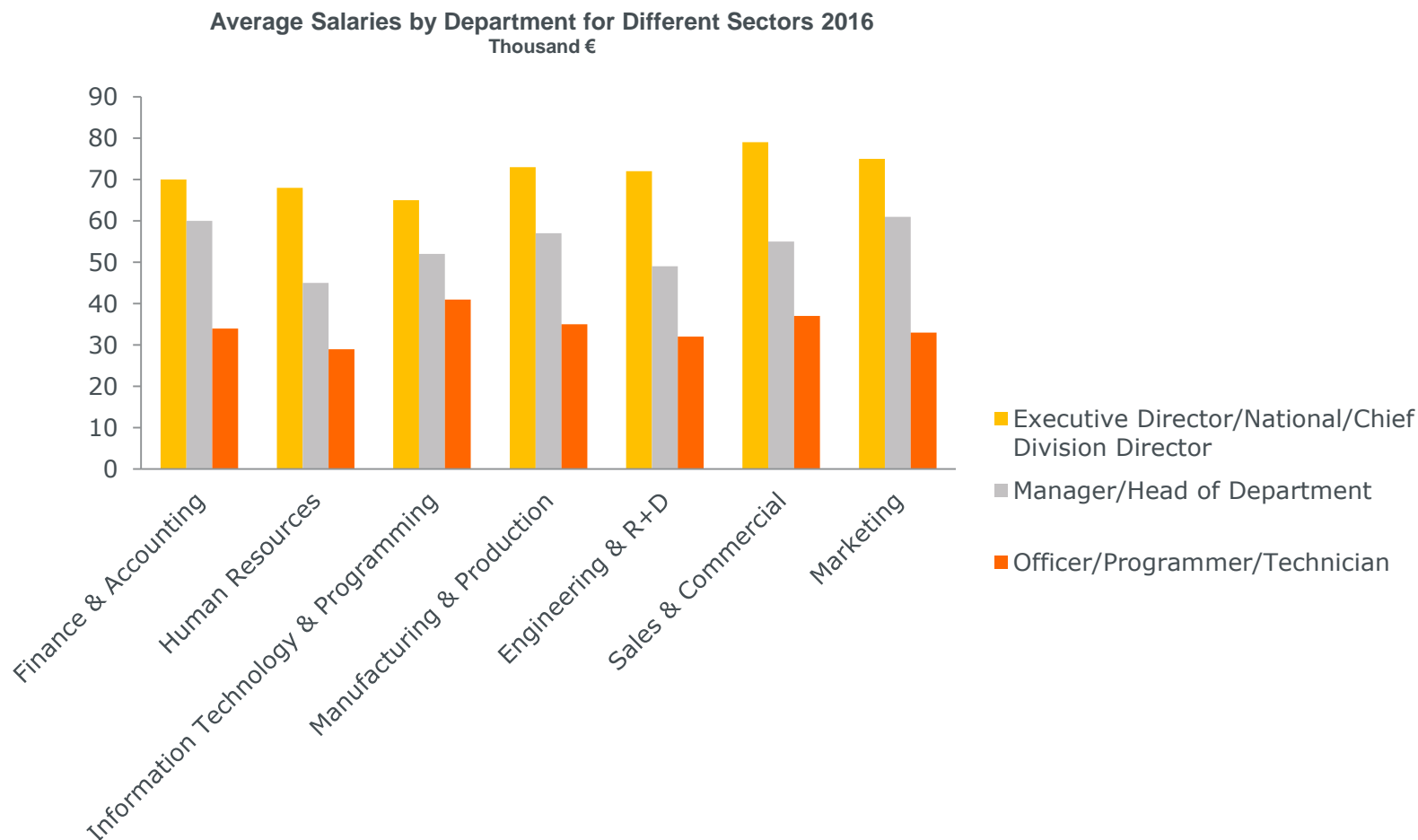


Source: Eurostat. September 2017. Data: Millions € (at current prices).

Note: Compensation of employees is defined as the total remuneration, in cash or in kind, payable by an employer to an employee in return for work done by the latter.

Wages in Spain

Average salaries by department for different sectors



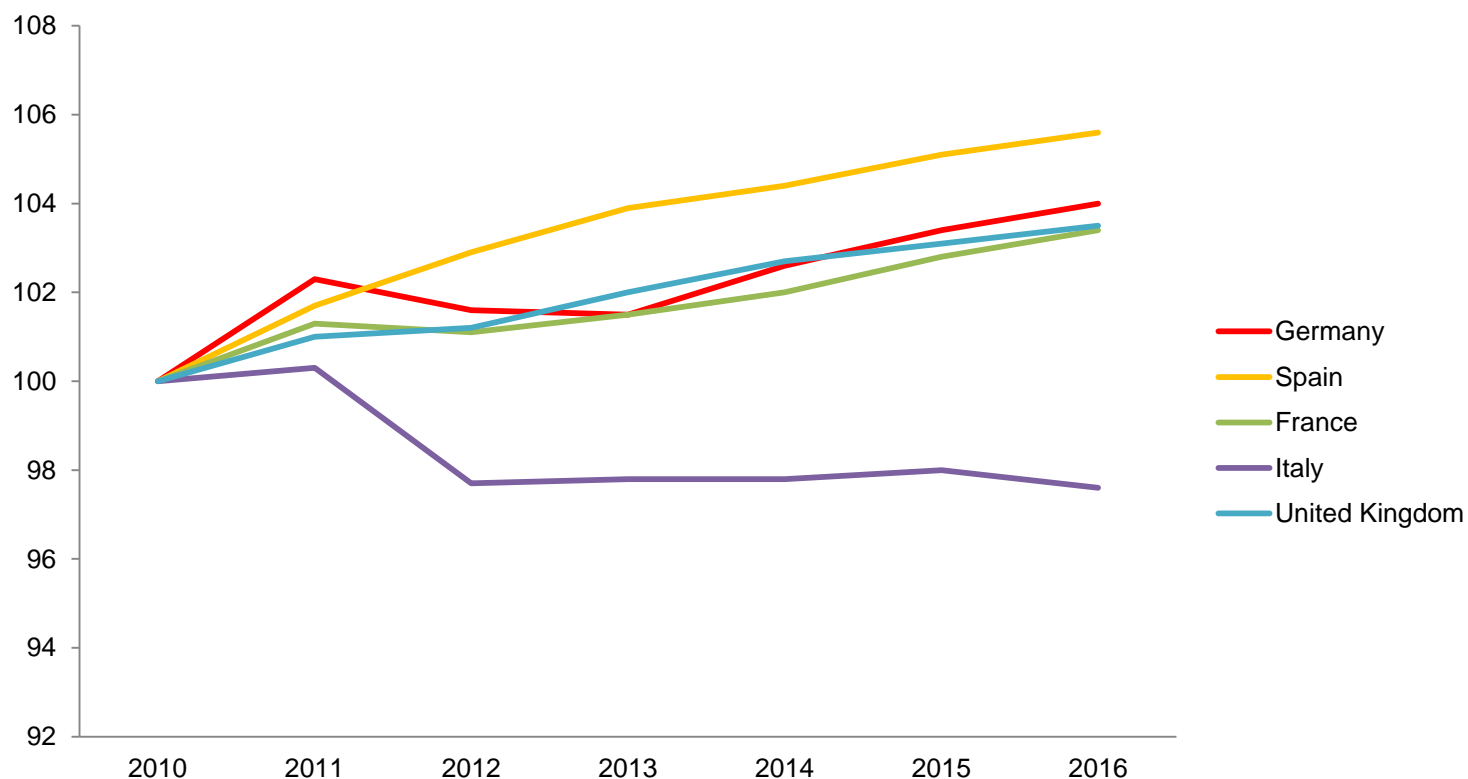
Source: ODE Group

Note: Gross Salary. For companies between 150-500 employees

Labour Productivity

Spanish Labour Productivity is better than main economies in EU-28

REAL LABOUR PRODUCTIVITY PER PERSON EMPLOYED
Index, 2010=100

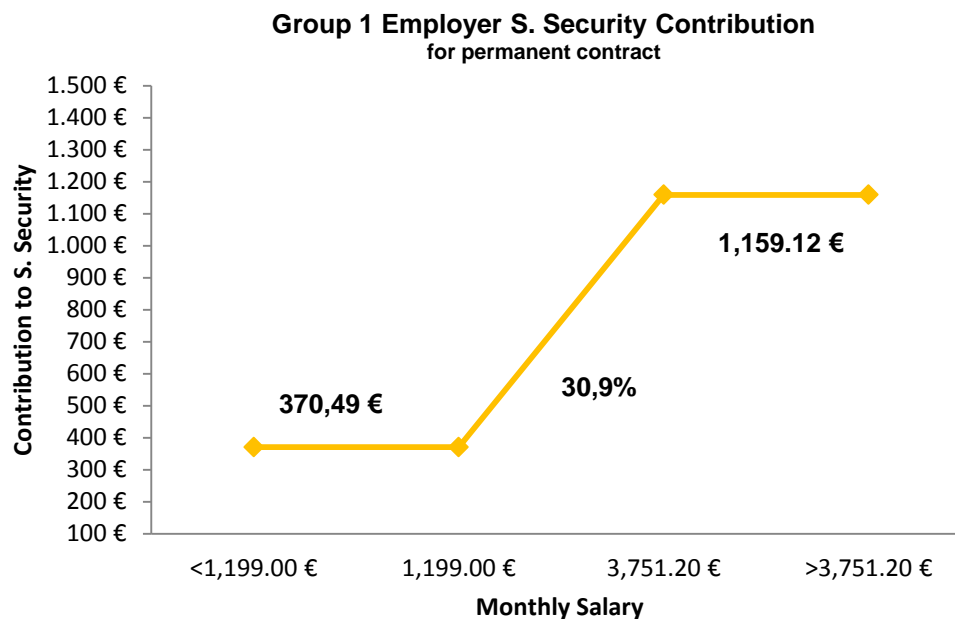


Source: Eurostat. September 2017

Social Security Costs

Employer contribution rate: 30,9% in case of permanent contract.

Incentives for certain hiring and training contracts applied to reduce employer Social Security Contributions.



If the monthly salary is higher than the maximum contribution base, the Social Security rate applies to this maximum contribution base, where the effective rate is **lower**.

Source: Ministry of Employment and Social Security

Example of Employer's Social Security Contribution

If a company hires a worker with a salary of 20,000€, the total employer contribution to Social Security is 6,180€ per year.

Total Employers' Contribution to Social Security

	Group 1	
	Annual (€)	Monthly (€)
Salary	20,000.00	1,666.67
General Contingencies	4,720.00	393.33
Unemployment	1,100.00	91.67
Accidents	200.00	16.67
Salary Guarantee Fund	40.00	3.33
Professional Training	120.00	10.00
Total Employer's Contribution to S.S.	6,180.00	515.00
Total Cost	26,180.00	2,181.67
% S. Security Contribution	30.90	

Source: Ministry of Employment and Social Security

In Spain there are 73 Universities, including public and private ones. There are more than 500 degree programs and more than 400 Master programs held in English in Spanish universities. Spain is the first country in Europe receiving foreign students under ERASMUS + program, with 40,000 students.

Students who finished their studies. 2015-2016 Academic year
Number of Bachelor's & Masters students

	Total	Engineering & Electronic Studies (1)	Science Studies (2)	Business Administration & Legal Science (3)	Health Sciences (4)	Agro & Veterinary Studies (5)	Other Services Studies (6)	Arts & Humanities (7)	Education (8)
Total Spain	293,665	47,984	16,556	86,439	41,203	3,971	12,951	25,250	59,311
Andalucía	44,670	6,238	2,915	12,265	6,451	688	1,744	4,438	9,931
Aragón	6,101	1,155	388	1,383	1,308	182	226	407	1,052
Asturias	4,283	1,276	366	1,008	584	32	143	271	603
Balears (Illes)	2,489	88	238	643	374	11	149	178	808
Canarias	6,889	885	334	1,630	1,422	154	399	565	1,500
Cantabria	2,103	604	89	456	374	0	68	82	430
Castilla - La Mancha	4,462	810	164	964	857	106	86	375	1,100
Castilla y León	18,602	3,119	876	5,832	2,604	485	472	1,627	3,587
Cataluña	43,292	8,059	3,481	13,279	6,417	351	1,949	4,343	5,413
C. Valenciana	30,741	5,747	1,716	7,922	4,992	380	1,421	2,748	5,815
Extremadura	4,151	550	159	992	713	230	147	215	1,145
Galicia	12,162	2,586	862	3,036	1,834	295	499	958	2,092
Madrid (Región)	59,932	10,225	3,413	19,249	7,886	688	3,682	4,827	9,962
Murcia (Región)	9,630	1,001	366	2,141	2,001	227	610	879	2,405
Navarra	4,344	969	126	1,670	835	106	15	172	451
País Vasco	11,997	3,193	689	3,414	1,347	0	364	1,039	1,951
Rioja (La)	998	172	55	183	108	20	20	147	293
Other Universities*	786	36	39	502	1	16	27	130	35
Non presential Universities**	26,033	1,271	280	9,870	1,095	0	930	1,849	10,738

Source: Spanish Ministry of Education, Culture and Sports

*Internacional de Andalucía, Internacional Menéndez Pelayo; **UNED, Internacional de La Rioja, Internacional Isabel I de Castilla, Internacional de Valencia, Oberta de Cataluña. (1) Includes, among others, Engineering, Electronic, Aerospace, Automotive, Architecture studies; (2) Includes, among others, Biology, Physics, Chemistry, Mathematics, Statistics, Computing studies; (3) Includes, among others, Economic, Business Administration, Finance, Law, Marketing studies; (4) Includes, among others, Medicine, Nursing, Pharmacology studies; (5) Includes, among others, forestry, fisheries and veterinary studies; (6) Includes, among others, Tourism, Leisure studies; (7) Includes, among others, Art, Design and Foreign languages studies; (8) Includes, among others, Science education, teacher education at different levels.

Human Capital: Business School

3 Spanish Business Schools are in Top-10 in the 2017 Financial Times ranking of European Business Schools

European Business School, 2017

2017 Ranking	School name	Country
1	London Business School	UK
2	HEC Paris	France
3	IE Business School	Spain
4	University of St Gallen	Switzerland
5	Insead	France
6	SDA Bocconi	Italy
7	Iese Business School	Spain
8	Esade Business School	Spain
9	Rotterdam School of Management	Netherlands
10	IMD	Switzerland
...
28	Eada Business School	Spain

Source: Financial Times 2017



Business Schools

Spanish Business Schools have two MBA programs among the top 20 in the world

Global MBA ranking 2018

European Business School

2018 Ranking	School name	Country
1	Insead	France/Singapore
2	London Business School	UK
3	Iese Business School	Spain
4	University of Cambridge: Judge	UK
5	Esade Business School	Spain
6	HEC Paris	France
7	IMD	Switzerland
8	University of Oxford: Saïd	UK
9	SDA Bocconi	Italy
10	Alliance Manchester Business School	UK

Source: Financial Times 2018

Global MBA ranking 2018

2018 Ranking	School name	Country
1	Stanford Graduate School of Business	US
2	Insead	France / Singapore
3	University of Pennsylvania: Wharton	US
4	London Business School	UK
5	Harvard Business School	US
6	University of Chicago: Booth	US
7	Columbia Business School	US
8	Ceibs	China
9	MIT: Sloan	US
10	University of California at Berkeley: Haas	US
11	Iese Business School	Spain
12	Northwestern University: Kellogg	US
13	University of Cambridge: Judge	UK
14	HKUST Business School	China
15	Yale School of Management	US
16	Dartmouth College: Tuck	US
17	Cornell University: Johnson	US
18	National University of Singapore Business School	Singapore
19	Duke University: Fuqua	US
20	Esade Business School	Spain

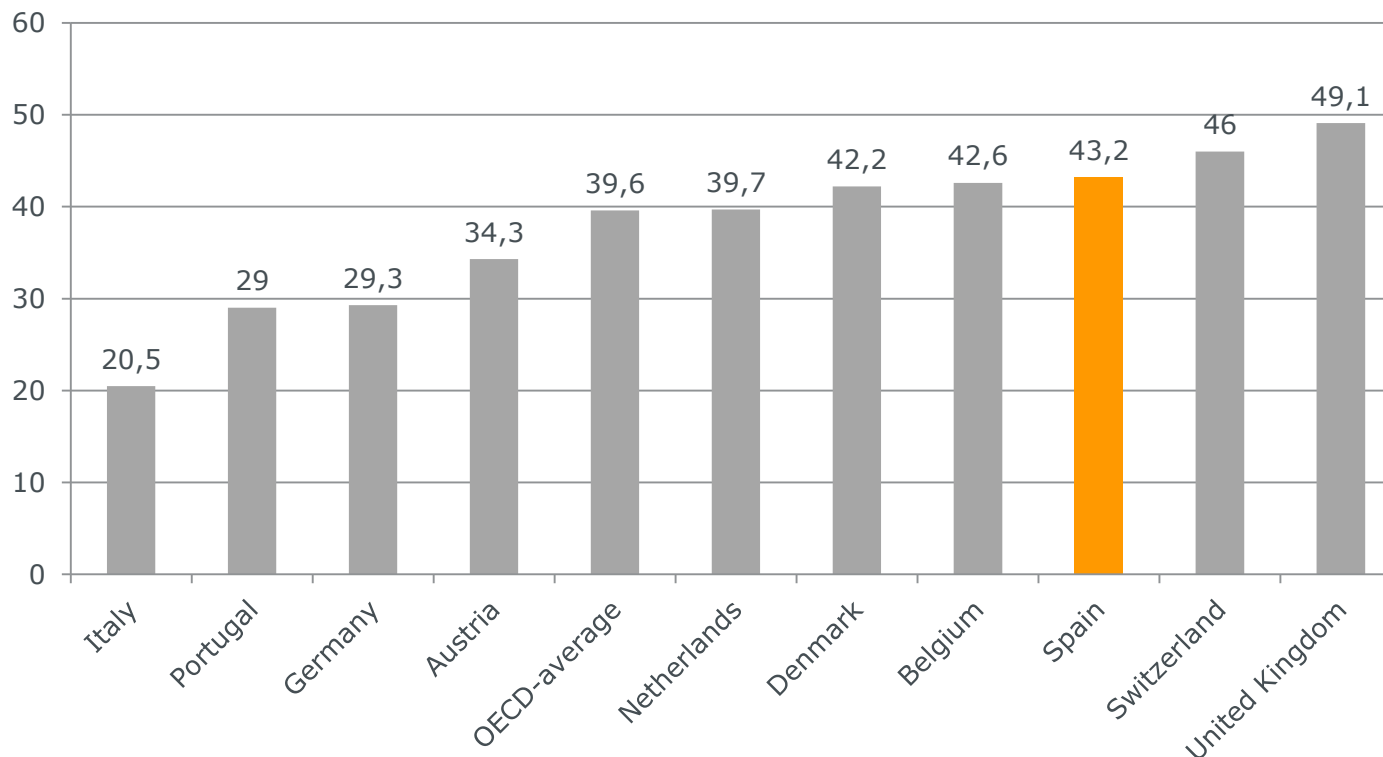
Source: Financial Times 2018



Human Capital: Highly skilled labour force

Spain occupies a prominence position in Europe in number of persons with tertiary education, compared to the biggest European economies

Population with tertiary education, 2015
% 35-44 year-olds



Source: OECD, 2017. 2015 Last available data. France not available

4. Business climate

- Immigration

International mobility - New legal framework

It is based on an agile and specialized system for visa and authorization concessions.

VISA AND AUTHORIZATION CONCESSIONS FOR
Investors
Entrepreneurs
Highly qualified professionals
Scientists and researchers
Intra-corporate transferred employees

Real Estate	500.000 €
Spanish Companies	1 mill. €
Bank Deposit	1 mill. €
Public Debt	2 mill. €

GENERAL REQUIREMENTS

Not being in an illegal situation in Spain
Being 18 years old or older
Not having criminal records
Public or private health insurance in Spain
Enough economic resources .

THE PROCEDURES

10 days for visas and 20 days for authorizations
A single authorization for living and working in Spain
Valid for the whole of Spain
The family will be able to apply at the same time
Benefits of the Schengen visa: freedom of movement within the member states

Freedom to live in Spain: Granted residence and work permits authorization

Source: [http://prie.comercio.es/en/pages/programa-de-residencia-para-inversores-y-emprendedores-\(prie\).aspx](http://prie.comercio.es/en/pages/programa-de-residencia-para-inversores-y-emprendedores-(prie).aspx)

4. Business climate

- Quality of life: Expat setting up

Cost of living

The Spanish cities have a moderate cost of living compared to their matching peers worldwide.

Worldwide Cost of Living Ranking

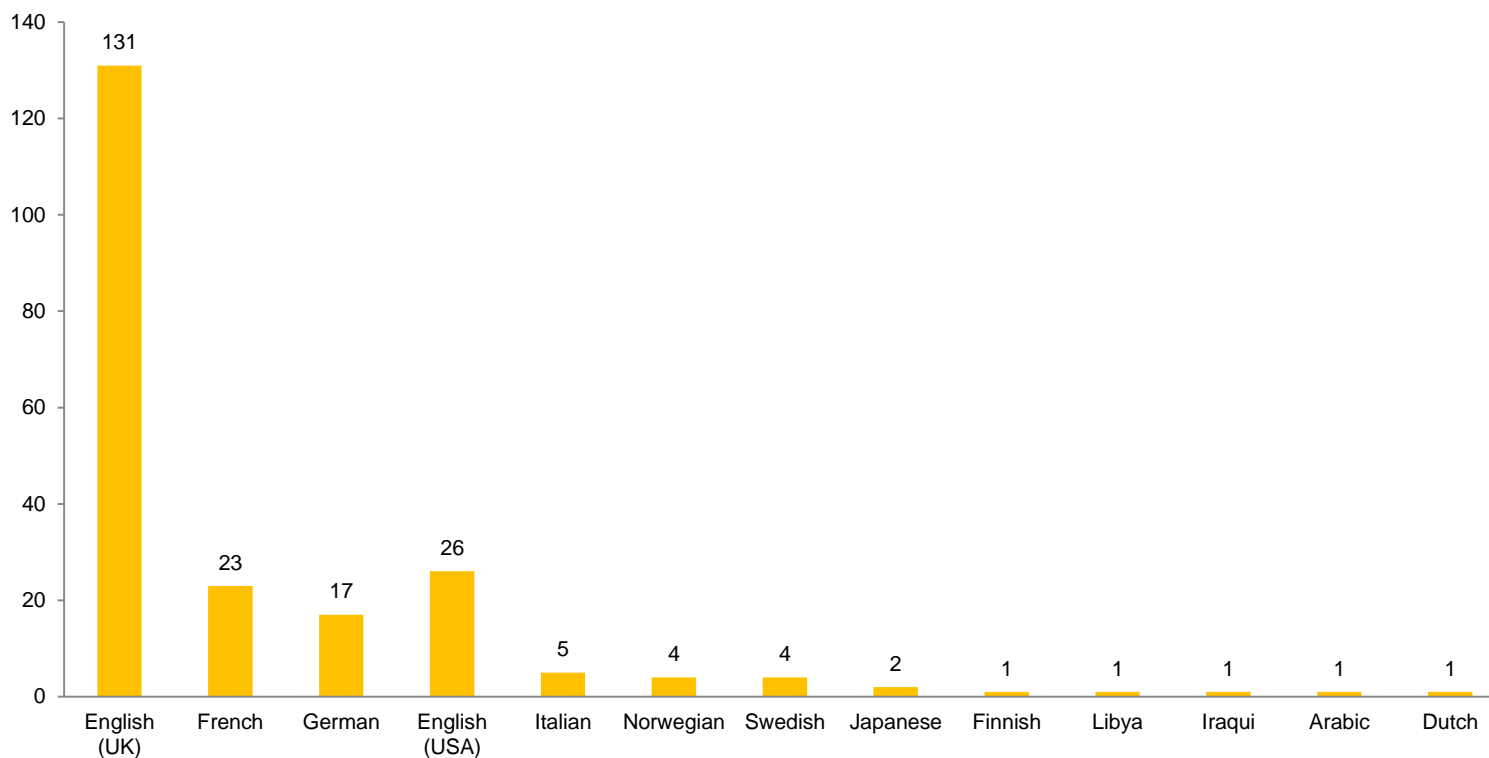
Rank		Rank		Rank		Rank	
1	Singapore	11	Tokyo	21	Shanghai	30	London
2	Paris	11	Osaka	22	Milan	30	Muncih
2	Zurich	13	New York	23	Shenzhen	30	Rome
4	Hong Kong	14	Los Angeles	24	Auckland	34	Dusseldorf
5	Oslo	14	Melbourne	24	Wellington	34	Barcelona
6	Seoul	14	Reykjavik	26	Brisbane	34	Madrid
6	Geneva	17	Vienna	26	Minneapolis	37	Washington DC
8	Copenhagen	18	Helsinki	28	Amman	37	San Francisco
9	Tel Aviv	19	Frankfurt	28	Hamburg	37	Brussels
10	Sydney	19	Dublin	30	Adelaide	37	Stockholm

Source: The Economist Intelligence Unit 2018

Foreign Schools

There are currently **217 international schools** in Spain, including 157 English spoken Schools, 23 French Schools and 17 German Schools, among others.

Curriculum in International Schools in Spain, 2018



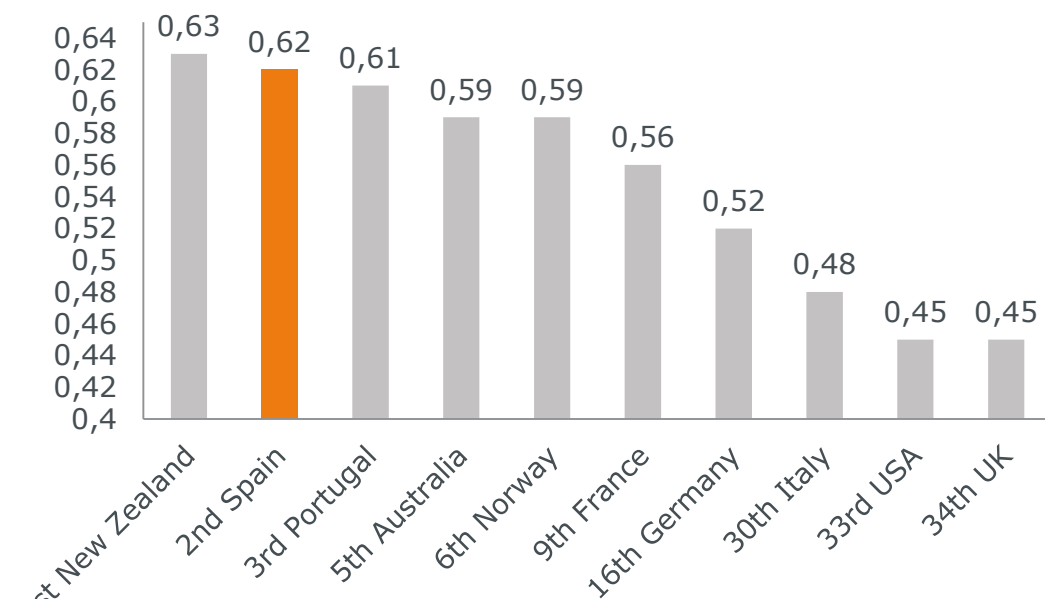
Source: Ministry of Education, Culture and Sport, January 2018

Details for the quality of life in Spain

- **Spain is the 1st country in Europe in terms of quality of life for ex-pats** and 3rd-ranked worldwide
- With large communities of many different nationalities, Spain is known for its **highly cosmopolitan character**. On average, 12.2% of the Spanish residents are foreign-born, a figure that rises to 16-17% in regions like Madrid or Catalonia
- One of the largest number of **International Schools** in Europe
- Outstanding & modern **health system** with very high standards
- Favourable fiscal regime for *expatriates*
- **Law enforcement:** Assurance & stability in business and social life
- Excellent climate, first-class gastronomy, wide range of cultural and leisure activities

Average life expectancy at birth in the EU-28 (2013)

Expat Experience. League table of selected OECD countries



Source: The Expat Explorer Survey 2017.(HSBC)

Country	Men	Women
Italy	80,3	85,2
Spain	80,2	86,1
Sweden	80,2	83,8
Cyprus	80,1	85,0
Luxembourg	79,8	83,9
Malt	79,6	84,0
Netherlands	79,5	83,2
France	79,0	85,6
Ireland	79,0	83,1
Greece	78,7	84,0
Austria	78,6	83,8
Germany	78,6	83,2
Denmark	78,3	82,4
Belgium	78,1	83,2
Finland	78,0	84,1
Portugal	77,6	84,0
Slovenia	77,2	83,6
Czech Republic	75,2	81,3
Croatia	74,5	81,0
Poland	73,0	81,2
Slovakia	72,9	80,1
Estonia	72,8	81,7
Hungary	72,2	79,1
Romania	71,6	78,7
Bulgaria	71,3	78,6
Latvia	69,3	78,9
Lithuania	68,5	79,6
United Kingdom

Source: INE-Eurostat 2015

5. Business opportunities

- Automotive
- ICT (Information and Communication Technologies)
- Biotechnology, Pharmacy and Life Sciences
- Aerospace
- Logistics and Transport
- Energy, Environment and Water Treatment
- Chemical Industry
- Nanotechnology
- Agro-food
- Real Estate
- Tourism and leisure
- Natural resources
- Textile & Retail



Investing in Automotive



Why Spain for Automotive? Competitive Advantages.

- SPAIN is a key Player in the European Car Industry.
- 2nd largest manufacturer in the EU and 8th worldwide.
- Productive and flexible manufacturing plants.
- High Investment committed by Main Car manufacturers.
- Complete and innovative industrial supply chain and Auto Parts Industry.
- Availability of highly qualified human resources.
- High public and private investment in Professional Training.
- Leadership in European Industrial Innovation-Mobility Sector.
- Privileged Export Platform towards EU, Latin America, North Africa. Logistics Infrastructures for Auto Industry.
- Open Country for Foreign Investment.
- Public Support for Business Development.



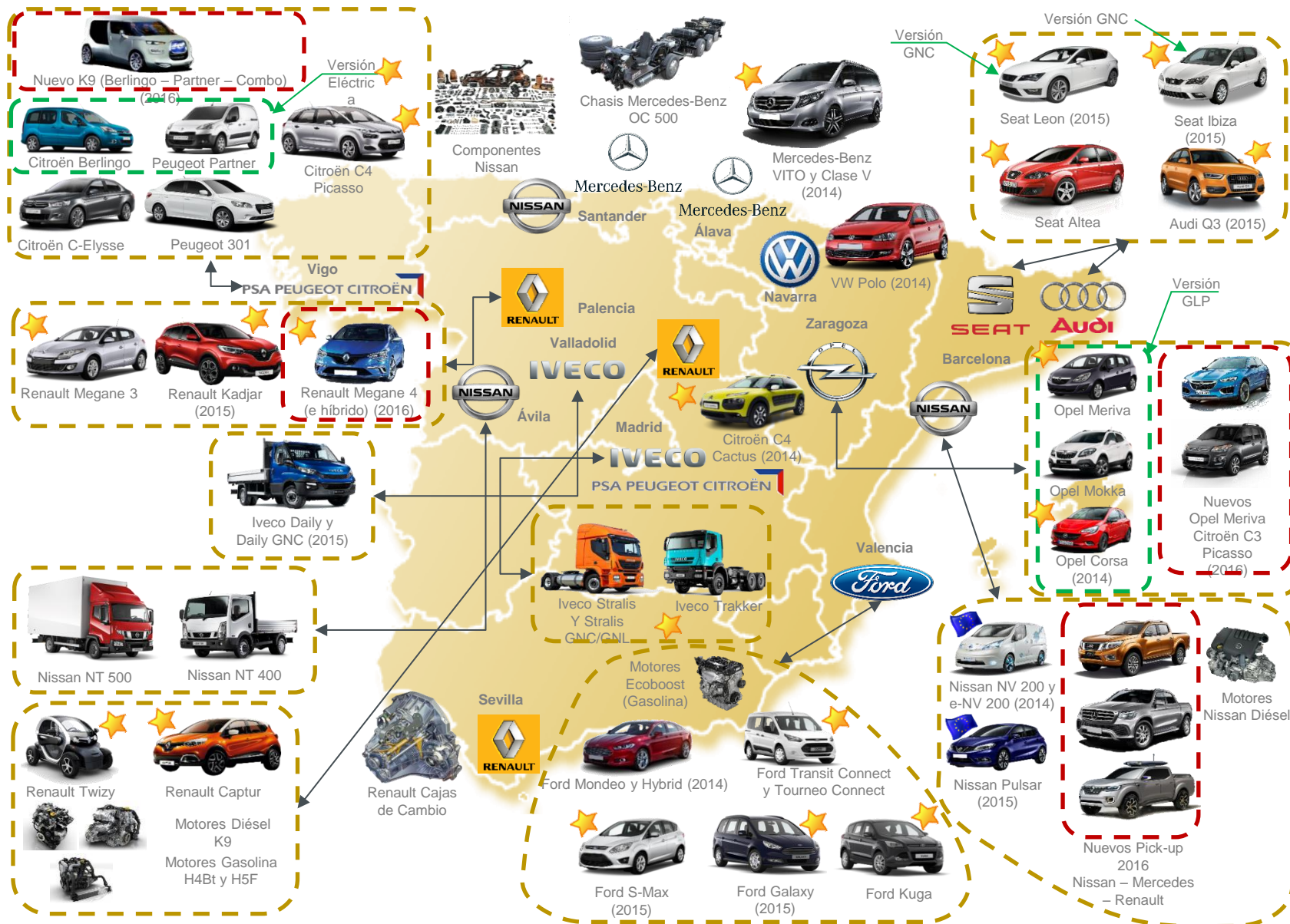
- Spain is the **2nd largest car manufacturer in Europe and 8th in the world.**
- Spain is the **1st manufacturer of Commercial and Industrial Vehicles** in Europe *
- 9 multinational brands** are present in Spain with **17 automobile production plants.**
- 84%** of *Made in Spain* vehicles were exported to over **100** countries in **2016.**
- Spanish Auto-Parts Industry ranks 4th in Europe** in terms of turnover.

**Production set for
3 Million units of Made in
Spain vehicles in 2017.**



* Including light commercial vehicles

17 plants in Spain and 46 models.



Automotive Industry accounts for **10% * of Spain's GDP** and **9%** of employment.

- **2,885,907** units of **Made in Spain** vehicles in **2016**, **5,6%** up on **2015**.
- **2,000,000 jobs** linked to the Sector.
- **Automotive Industry Main** exporter with **20%** of total Goods Exports (OEM's and Auto-Parts)
 - ✓ **2.43 Million** vehicles exported to over **100 Countries** in **2016** Export value **€34bn**.
 - ✓ **€18.9 bn** value of **Spanish Auto-Parts Exports** to **150 countries**.
- **5.1 Million** vehicles were transported in 2015 through the territory.
- **34 Technology Centers** devoted to Automotive Industry.
- **R&D&i**: One of the highest investment rates among all industries
- **€66 Million average** Investment in formation by Car Manufacturers. Dual professional training programs are being structured jointly by the Industry and The Public education system.
- Competitive Labor costs and permanent social dialogue in the industry.

* Including, Manufacturing, Transport, Distribution Financing . Sources: ANFAC (Spanish Association of Vehicle Manufacturers) . SERNAUTO (Automotive Parts Exporters Association)

Perspectives for Automotive industry

- **New Industrial Plans** have been approved by the **9 Multinational** brands established in the country.
- 17 new models assigned to Spanish plants between 2012-2016.
- **€10 billion** investment in progress to expand production in Spanish Plants, including new models and electric models
- **The Plan set in 2012** by the Spanish Industry to produce **3 Million vehicles in 2017** to be accomplished with **2.88 Million units manufactured in 2016**



Mercedes-Benz



Automotive Industry in Spain: AUTO-PARTS

- Spanish Auto-Parts Industry **ranks 4TH in Europe** in terms of Turnover.
- Main global suppliers of the Automotive Industry** established in **Spain**.
- 1000 companies** belonging to **720** groups provide customized Service to Car Manufacturers
- 200,000 people** directly employed in the Sector
- Turnover of **€32.5 bn in 2015**, **65%** exported to **150 countries**.
- EU, USA, Mexico, North Africa ,Turkey** among **20** top destinations of Spanish Exports.
- €1,800 millions** industrial investment + **€1,200million** in R&D&i in 2015



Source: SERNAUTO (Spanish Association of Automotive Parts and Accessories Manufacturers). Last available figures: 2013.

Eco-Electromobility: Spanish Capabilities and Leadership



- **Spain** contributes to **Eco-Electromobility** as a major component designer and manufacturer and as provider of **Infrastructures** and **Network Intelligence**.
- **Spanish Companies** and **Technology Centers** take part in **2 out of 3** of the **European Green Cars initiative**.

- Spanish Companies and Technology Centers are leading several **European** projects. Among others the 3 Projects on **new batteries**: NECOBAUT, SOMABAT, GREEN LION.
- The **Spanish Technology Platform** Move to Future www.move2future.es brings together **150 Key innovative** Companies, Research and Technology Centers.



- Spanish Scientific, Technological and Industrial capabilities on future transport are well summarized in the document Intelligent Strategy for Future Transport (Green Vehicles Spain).
- **120** Eco-electromobility projects with Spanish Participation and **110 New** Products/Services compiled for Green Car Initiatives.

Foreign companies working in Eco-Electromobility in Spain

- **RENAULT, MERCEDES -BENZ, PEUGEOT- CITROËN, NISSAN** are already manufacturing full electric powered and **hybrid vehicles** in Spain.
- **i2e Full Electric Bus** of IRIZAR already in the Market.
- **AUTO-PARTS** companies with plants in Spain are already providing **specific components and systems for electric and hybrid vehicles**.



Success stories: Investment Projects



May 2016 – Renault is investing \$684 m in Spain at its plant in Valladolid. The expansion project, which will begin in 2017 and is expected to be finished by 2020, includes building a new car and a new engine.



2016 Investment of 140 million for the department of R&D and for the manufacturing centers of Madrid and Valladolid preparing the launch of its new next generation heavy truck Stralis.



Mercedes-Benz

In 2016, the company invested up to **€41 Million** in its Vitoria Plant Facilities due to the increasing demand of their van and minivan. The Industrial Plan secures jobs at the plant with 800 new jobs at the beginning of the year.



Volkswagen

July 2016 Volkswagen Navarra. informs of the completion of 208 works in its plant of Lanbaden- Navarra with a total investment of 28.9 Million €. This is the first wave of investment in progress to adapt the plant for the production of the New Polo A07.

PSA PEUGEOT CITROËN



It is to invest 700 million until 2020 in its Manufacturing Facilities in Vigo, Spain where they manufactured 500,000 vehicles last year, from which 90% were exported.



In 2014, announced **€130 Million Investment in Barcelona's Plant** to produce a new Sedan starting 2014, and investments of **€10 Million** in its components manufacturing plant of Cantabria.



Includes **Spanish Plant of Figueruelas** in its **Industrial Plan for Europe** that will drive and investment of up to **4 Billion in 23 new OPEL models in Europe** for the period 2013-2016.



Volkswagen

The group **VOLKSWAGEN** invested **€665 Million** in the SEAT Plant of **Martorell in 2012**, including **€100 Million in R&D** and €13 Million in Professional Training. **Martorell is one** of the Group's most productive and flexible plants, **with 377.000 units in 2012 including the New Audi Q3**. In 2013, the Plant will market the new **SEAT Leon models**.

Automotive Industry in Spain: AUTO-PARTS. New Investment Projects 2016-1015



March 2016 - Michelin (France) is investing in Spain in the Rubber sector in a Logistics, Distribution & Transportation project, creating 50 jobs.

France-based tyre manufacturer Michelin has expanded its logistics centre in Araia, Spain. The facility increased from 50,000 sq m to 80,000 sq m to serve European and American markets. The company hired 50 new people, adding to its 150 workers. Michelin has invested a total of €38m in the facility in previous years.

faurecia

May 2015 - Faurecia (subsidiary of PSA Peugeot-Citroen) (France) is investing \$1.37 m in Spain in the Automotive Components sector in a Manufacturing Project.

Faurecia, a subsidiary of France-based PSA Peugeot-Citroen, has invested €1.2m in a new production centre and an innovative painting line for vehicle parts at its plant in Sant Andreu de la Barca, Spain.

bilsteingroup®



November 2016 - Bilstein Group (Germany) is investing in Spain in the Automotive Components sector in a Logistics, Distribution & Transportation project.

Germany-based Bilstein Group, an aftermarket automotive parts supplier, is to expand its logistic centre in Zaragoza Spain due to growth. Bilstein Group will increase its number of employees and triple its capacity.

Automotive Industry in Spain: AUTO-PARTS. New Investment Projects

New Investment announcements by Auto-Parts Multinationals in 2013-2014



The French multinational of Auto-Parts has chosen Valencia to set up its fifth **R&D Centre in Spain**. It will be located in the Technology Park of Paterna and is to employ 200 Technicians.



The Indian giant, leading manufacturer of Components in Asia, buys a 13.5% share of the **Spanish** company **CIE Automotive** for €96,24Million sealing a worldwide strategic alliance.

 **Indian group Samvardhana**
Samvardhana Motherson Peguform

It has announced plans to invest €5M as a part of its **€30M** expansion Plan to expand production capacity in its manufacturing facility in Ripollet (Spain) to increase production of sintered auto-parts at the site. The entire investment will create about 100 jobs.

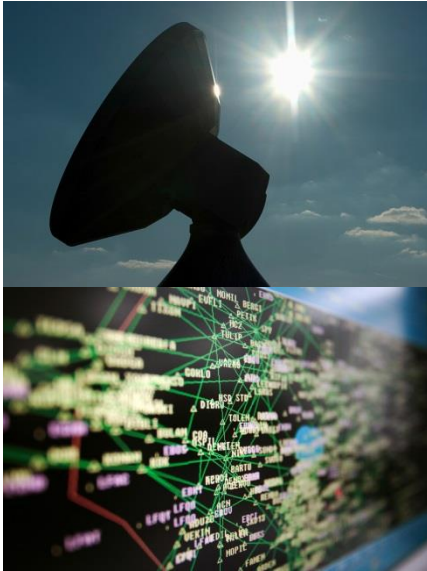

member of BORYSZEW GROUP

The Auto Parts company owned by the Polish Industrial Corporation Boryszew invested **€2Million** in 2013 to expand production at its Plant of Guarnizo (Cantabria-Spain). MAFLOW is one of the larger manufacturers of Air Conditioning tubes worldwide. Guarnizo's Plant is its only manufacturing Centre in Spain with 100 employees.



Investing in ICT (Information & Communication Technologies)





Spain is a leader in **advanced technologies**:

- **Spanish landing software** is renowned and used worldwide
- **Major events**/Complex, distributed international delivery
- **Hi-Tech** and **Defence** Industry
- **Telecommunications, Utilities, Energy, Banking...**

Mobile World Congress in Barcelona World's Mobile Capital

Near shoring value added location worldwide (BPO & IT)

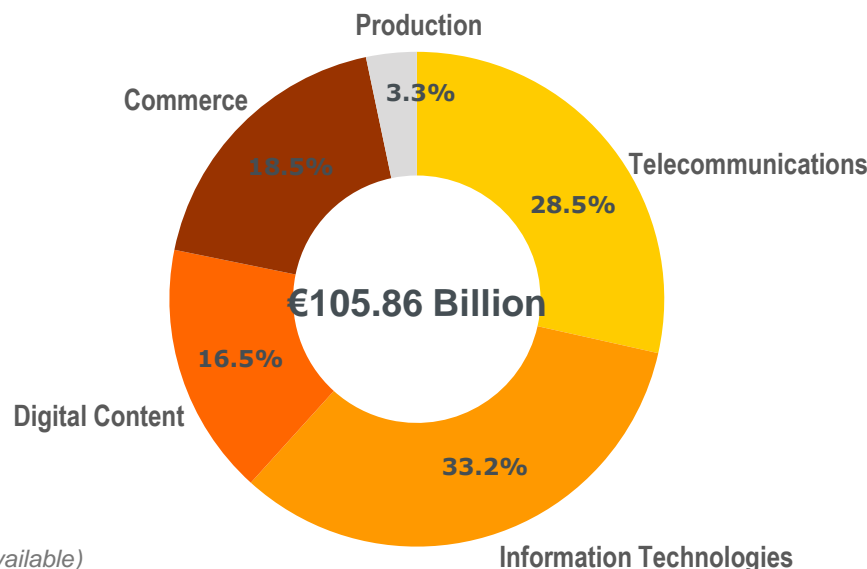
Spanish companies are **present** and **recognized** in major international markets:



Information and Communication Technologies Industry in Spain

- ❖ Spain is one of the most important **ICT markets by volume** in Europe: **€105,868 Million**.
- ❖ There are more than **33,000 ICT companies**, including digital content, operating in Spain. The sector employs more than **471,000 workers**.
- ❖ The **gross added value** at market prices represented the **4.2% of GDP** in **2016**.
- ❖ The flow of **foreign investment** in the ICT sector in Spain was **€750 Million** in **2016**.
- ❖ **Exports of ICT products** grew again for the fourth consecutive year to stand at **€13,961 Million** in **2016**.

Spain ICT Sector Turnover, 2016



Leading ICT multinationals are already successfully located in Spain, taking advantage of Spain's benefits:

Software Vendors



Hardware Vendors



Telecom equipment vendors



Service Providers



ICT Services and Consulting Companies



Success stories



- HP has a strong commitment with Spain since 1971, with presence in cities such as Madrid, Sant Cugat (Barcelona), Leon, Sevilla or Bilbao.
- HP's facilities in **Sant Cugat** (Barcelona), hosts one of the corporation's most emblematic R&D Business Centers outside the US. Sant Cugat employs over 1,700 highly qualified professionals of 61 different nationalities, with around 500 engineers working on R&D and innovation. Recently, HP's facilities in Sant Cugat have also become the worldwide headquarters of HP's 3D printing business
- HP's commitment with Spain and the R&D is also shown in other centers as **Leon Competence Center**, established in 2005 and focused on the creation of advance software solutions for the printing and the computing organizations.



- IBM was set up in Spain in 1926. Today the company coordinates the activities in Portugal, Greece and Israel. The Spanish subsidiaries have 7,200 employees.
- The IBM environment includes very relevant projects developed in Spain:
 - Centre of excellence** in Barcelona to develop solutions for financial entities and the health sector;
 - INSA**, an IBM branch, has set up two centres (Caceres and Salamanca) for software developments to be applied worldwide;
 - MareNostrum**, supercomputer installed in the Barcelona Supercomputing Centre in collaboration with the University of Catalonia;
 - Technology Expert Council** (TEC), which integrates IBM's best talents in Spain to enhance the leadership of the company and develop its technical knowledge.

Success stories



- Huawei launched its operations in Spain in 2001. Since then, the company has been developing its lines of business and establishing itself as a key organization in the Spanish ICT sector.
- The company also has various joint innovation centers in Spain with Telefónica and Vodafone. Huawei Spain is focused on providing customers with cutting-edge ICT solutions and services. Their product portfolio includes wireless, fixed-line network and network core solutions, data network technology, apps, software and terminals.
- Huawei have created a workforce of 1,000 employees, of which 85% are local. They have a head office in Madrid, along with five further offices in Barcelona, Valencia, Seville, A Coruña and Bilbao.



- The German company has been operating in Spain since 1895. The company currently has a workforce of over 3,400 in Spain, with three factories (in Cornellá, Getafe and Rubí) whose products are exported to all corners of the world, its HQ in Tres Cantos, and sales offices in the major cities.
- Siemens is currently making a decisive contribution to the modernization of the high-speed rail network by installing cutting-edge safety and signaling systems. They have also helped make sustainable mobility a reality in cities like Madrid, with the first electric car charging station that uses the braking power of trains, and Barcelona, where modern signaling systems have increased the efficiency of the metro lines.
- Also, there has been a production and R&D center in Getafe since 1957 for portable radiology equipment and imaging systems that form part of other diagnostic equipment.



Investing in Life Sciences



Why Spain for Life Sciences?

- **Solid Basic Science:** Good scientific output. Spain is 10th world scientific power and 5th by scientific production in the EU15.
- **Integrated Healthcare System:** Spain has an extensive network of 800 hospitals, both public and private, backed by leading-edge research centres. The system is ideal for translational medicine and discovering new drugs and advanced therapies.
- **Consolidation of biotechnology sector and an established pharmaceutical industry:** Biotechnology companies are growing faster here than in other countries and pharmaceutical industry is leader in R+D spending in Spain
- **Excellent infrastructure for innovation:** exponential growth of science and technology parks, research centres and institutes of technology. Spain's infrastructure also incorporates the latest technology for life sciences projects.
- **Highly qualified workforce:** There is a surplus of talent for competitive and innovative projects. In some areas of Spain the percentage of workers with post-graduate studies is higher than the European average.



Biotechnology Sector Overview

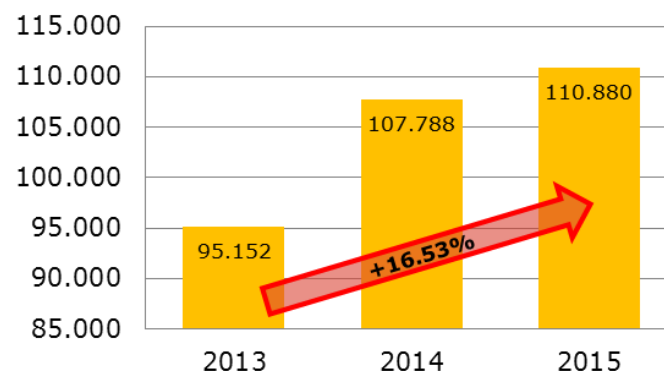
■ Consolidation of Spanish biotech sector

- Biotechnology sector accounted for 4% of Spain's GDP.
- Companies have increased in 8% their R+D expenses with a total amount of 578M€

**111,000M €
Global
Biotech Sector
Turnover**



Turnover (M€)



■ Growing number of biocompanies and dynamic creation of highly qualified jobs

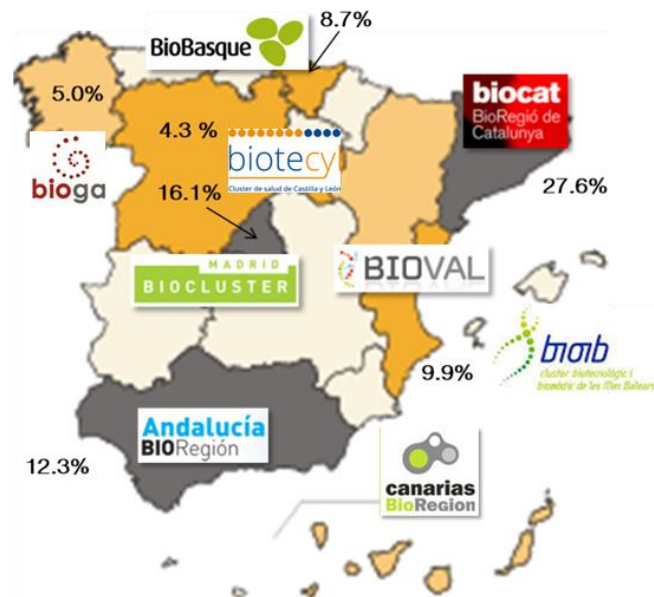
- Near to **3,000** companies involved in biotech activities and **620** strictly biotech
- **More than 180,000 employees** and more than **10,000** R+D activities dedicated

■ Breakdown of biocompanies by activity

- Of all **strictly biotech** companies **59% focus on healthcare** and 33% on agro-food.
- **83% of industrial companies** related to biotechnology focus on **agro-food** and 9% on healthcare

Distribution of biotechnology companies and biotech users by region

- At present there are **several bio-regions** coinciding with the major centers of technical innovation
- Most biotech companies are located in **Catalonia (27.6%)**, **Madrid (16.1%)** and **Andalusia (12.3%)**. Together they accounted for more than **55%** of the national total.



Pharmaceutical Sector Overview

- There are about **425 pharma companies** in Spain, including some with no production and/or marketing activity. Near to **60% are foreign** companies.
- Leading pharmaceutical/biotech multinationals are already located in Spain many of which have successfully chosen our country for the **establishment of Research Excellence Centres, Production or Distribution Centers.**



Spain's pharmaceutical industry enjoys a **good standing in the UE:**

- 5^h in terms of sales
- 5th in terms of job creation
- 6th in terms of pharmaceutical production

Pharmaceutical Sector: R&D spending and workforce

The pharmaceutical industry is leader in R&D spending in Spain

- Pharmaceutical companies set aside more than **900 M € for R&D**
- The sector accounts for **20% of all private R&D** spending in Spain



Job creation in R&D

- The pharma industry has almost **4,800 employees** working **full-time on R&D**
- This is **12% of all R&D** employment in Spanish industry
- **200,000 total employment rate**, direct and indirectly

A big market

- Total sales came to **15.6 billion € (+4.5%)**
- In 2016 pharmaceutical **exports come to 11 billion €**
- Pharma sector is **leading the exports high technology products rate** with more than 26.5% of the total.

Hospital Sector: introduction to the healthcare system

Spanish Healthcare System (SHS): public and universal

- This includes **3,000 health centers** and 10,116 local consulting rooms
- **800 hospitals (40% public and 60% private)** with 170,000 beds (70% public and 30% private)

Private healthcare represents a sizeable proportion of the Spanish economy

- Private healthcare expenditure accounts for **30.2% of total healthcare expenditure**
- **2.7% of Spain's GDP**
- **More than 450 private hospitals**, 3,000 medical centers



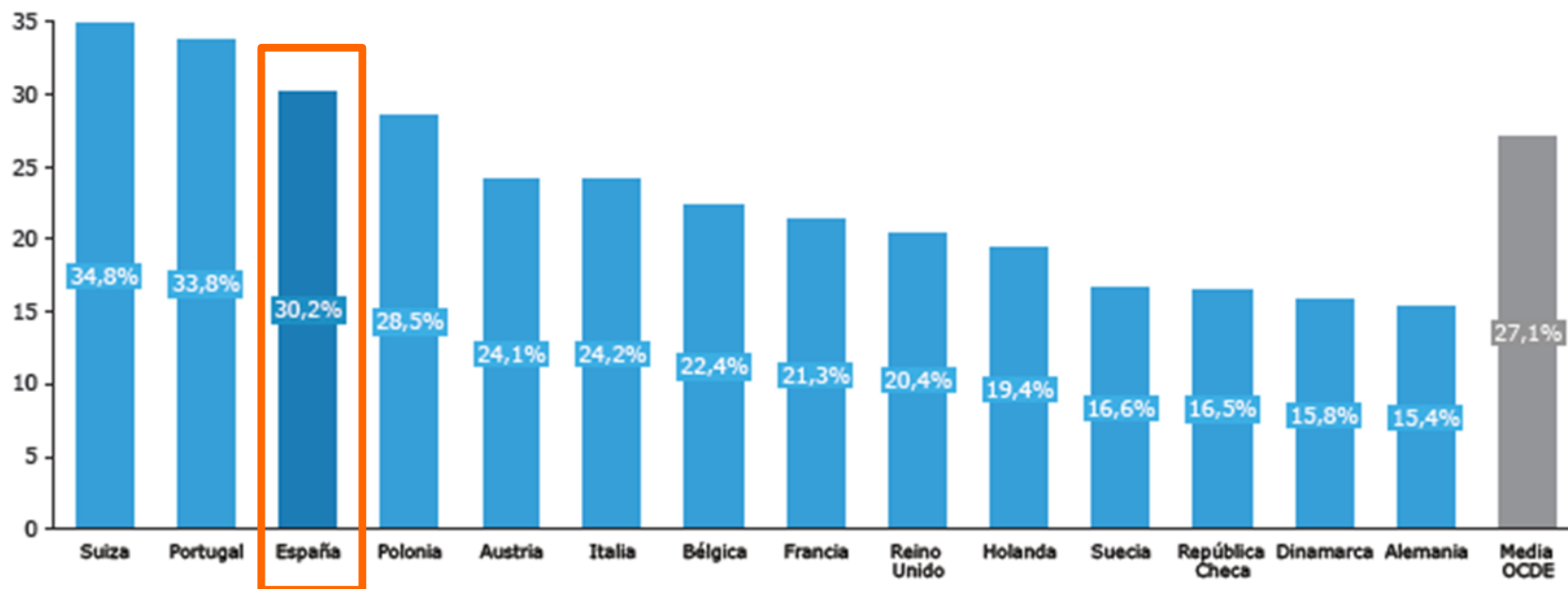
Substantial private sector investment in healthcare

- **Collaboration between the public and private sectors.** 42% of private hospitals have some type of outsourcing agreement with the government
- Strong investment in **high-tech equipment**
- **Government concessions:** 8 hospitals operating under concession model
- Top ten **insurance companies** represents approximately 83% of the market

Private sector: a key role in Spanish Healthcare

- Private healthcare expenditure accounts for 30.2% of total healthcare expenditure, more than 28,500 Millions €.
- 2.7% of Spain's GDP.

Private healthcare expenditure in relation to total healthcare expenditure in selected OECD countries :



Healthcare Technology Overview

The healthcare technology market

- This sector invoiced about **7,000M €**
- It comprises more than **1,050 companies**

Job creation

- The healthcare technology sector employs more than **23,000 people**

Exports are growing

- The value of **exports exceeded 2,300M €**
- This figure represents **0.93% of total exports** in Spain

Important trade partners

- The target market is still the **rest of the EU**, which takes **74% of exports**
- Asia and East Europe are playing an increasingly important role as big importers of Spanish technology and products



Success stories: Proof of concept for the global market



Merck has concentrated its global growth-hormone production in Spain and has recently announced a 14M € investment to increase by 50% the production capacity of its facility in Madrid.

ALK-Abelló has recently concentrated its global production of single-use adrenaline auto-injector Jext®. It has invested more than 25M € in their production facilities in Madrid and created more than 70 jobs.



Lilly has in Madrid its research centre for medicinal chemistry, one of the biggest in the world. In 2015 it was announced that this plant will take over production from Lilly's central in USA, increasing its productivity in 30%.

Bayer has concentrated its global aspirin production in Asturias, has invested more than 20M € and exports to eight production centers worldwide.



Celgene opened its first research centre outside the United States in Seville. The Celgene Institute of Translational Research Europe (CITRE) plans to focus on advanced therapies and regenerative medicine investing 60M €.

Genzyme has setting up a sales office in Madrid and has a warehouse for domestic distribution.

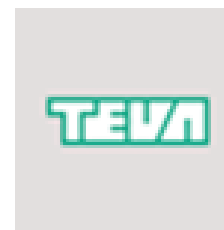


Success stories: Proof of concept for the global market



GSK has in Madrid its research centre for tropical diseases, Molecular Discovery Research and Drug Discovery activities. In 2014, GSK announced that they plan to invest 20M € in the next 4 years in their production center in Castilla y Leon.

TEVA manufactures in Spain all the *omeprazol* that exports to Europe. From 2008 to 2014 it has invested 33M € in its factory in Zaragoza.



Baxter opens in 2015 in Murcia a technology advanced dialysis center. The investment is a result of an outsourcing agreement with the regional government for carrying out more than 38,000 treatments per year.

Pfizer has invested 12M € in its European Biometric Centre, which has support functions for the rest of Europe and USA.



Novartis announced in 2013 a 60M € investment to expand its facilities in Cataluña for the manufacturing of the entire production line of inhalers. The expansion will create 70 jobs.



Investing in Aerospace



Aerospace Industry in Spain

- The **Spanish Aerospace Industry** is **5th in Europe** (and 8th in the world) in terms of turnover (€9.7 billion in year 2015) and employment (more than 54,400 employees).
- The Spanish space sub-sector is **5th** at the European level, employs more than 3,400 people and had a turnover of ca. €700 million in year 2015.
- Half of the commercial aircraft in the world uses Spanish technology.

R&D:

- The **investment** in R&D activities reached **€970 M in year 2015** (11% of the industry turnover and 12% in the case of the space sector)

Government support:

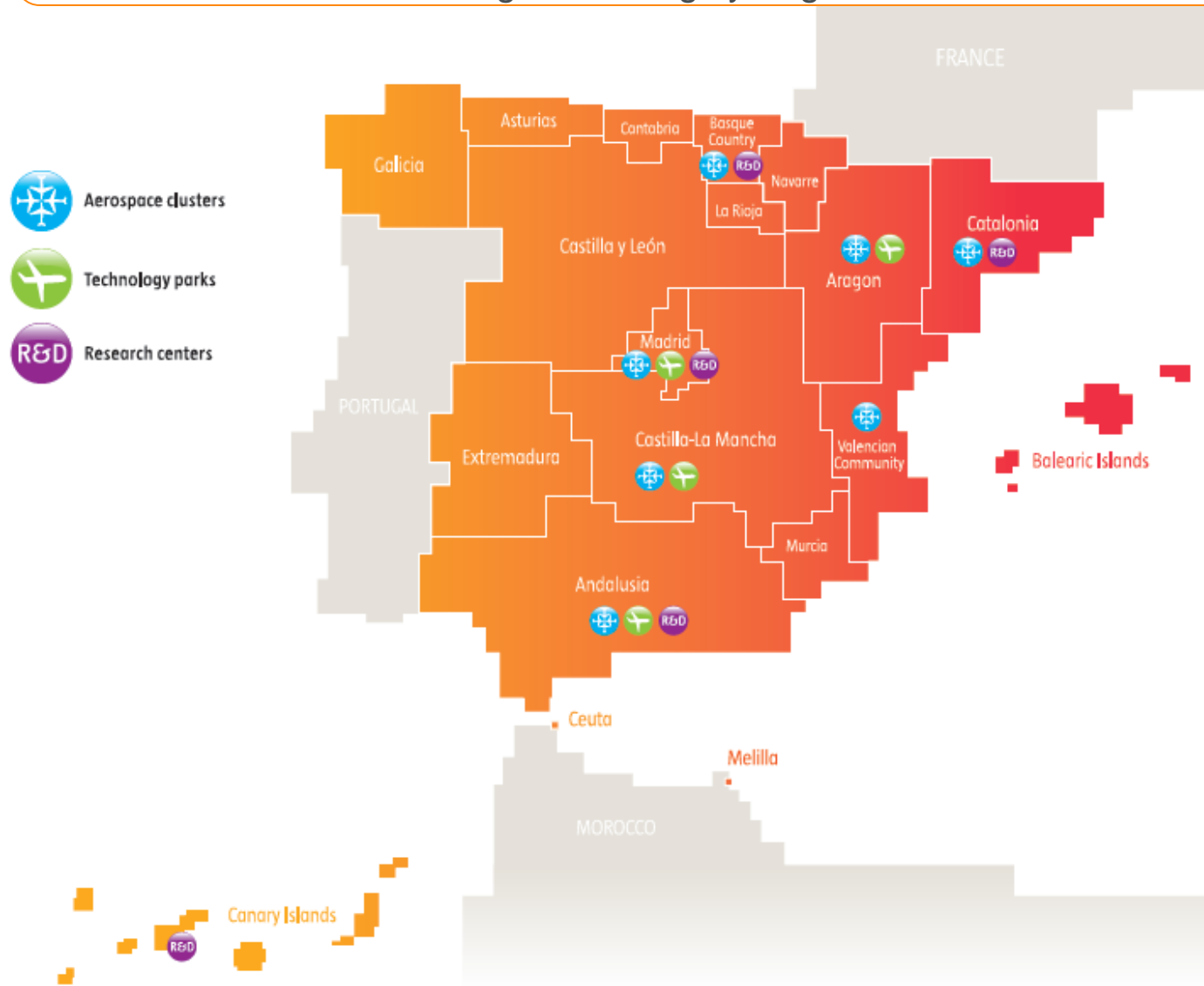
- The Spanish authorities consider the Aerospace Industry one of the **Strategic Industrial Sectors**.
- Creation of several **public R&D centres** focused on the aerospace industry.



- The Spanish **Aeronautics** industry is a **world leader** in several **fields**: composite aero structures, low pressure turbine engines, Air Traffic Management systems, Military Transport Aircraft, etc.
- The Spanish **Space** industry takes part in **important contracts** of high added value, in qualification of flight equipment and ground segment, and development of satellite systems. Moreover, Spain has satellite services operators. The Spanish Space sub-sector is 5th at European level, employs more than 3,400 people and had a turnover of ca. €700 million in year 2015
- Half of the commercial aircraft in the world uses Spanish technology.
 - **R&D: invests 11% of turnover in R&D** (€970 M in year 2015)
 - Highly qualified **human resources**: 40% of the aeronautics employees are University graduates or engineers and 47% are highly qualified technical professionals.
 - **Government support**: The Spanish authorities consider the aerospace sector to be strategic so it offers several grants and incentives lines.
 - Creation of several **public R&D centres** focused on the aerospace industry.



Spain has significant **Aeronautics Clusters**: they provide new entering companies with infrastructures, research centres, technology parks offering interesting synergies.



Main companies



Success stories

BOEING has developed important R&D Centres in Spain:



- First Boeing R&D centre outside the USA
- Main areas: safety, ATM and environmental technologies
- April 2008: first flight of an aeroplane powered by hydrogen fuel cells – Ocaña (Madrid)

According to Boeing:

*“The reason for choosing Spain was the country’s **outstanding role** in the **EU** and as a reference point with the **Latin American** countries.*

*It also shows the **relevant position** the Spanish Aerospace industry has acquired in the last few years and the country’s capabilities in **environmental** and **ATM** technologies”*

Source: www.boeing.es

Success stories

EADS

AIRBUS
AN EADS COMPANY

The Consortium EADS-AIRBUS has a very significant presence in Spain

Civil aircraft

A380 – Double-deck, wide-body, four-engine jet airliner. It is the world's largest passenger airliner.

It began commercial service in October 2007 with **Singapore Airlines**.

Spain has a participation share of 8%.



A350XWB

Last Airbus civil aircraft model: from 250 to 350-seater. Over 70% airframe is made from advanced materials: composite structures, titanium and advanced aluminium alloys.

The two first test flights have already been developed.

Spain has a **11%** share of the program.

HMC (Harbin Hafei Airbus Composite Manufacturing Centre) is a joint venture between Airbus (20%) and its Chinese partners (mainly Harbin Aircraft Industry Group, 50%). HMC manufactures elevators that are being delivered to Spanish company **Aernnova** (the first ship set was delivered last September 2013).

Aernnova will later on deliver those elevators to the Airbus plant in **Getafe (Madrid, Spain)**.

Success stories

EADS

AIRBUS
AN EADS COMPANY

The Consortium EADS-AIRBUS has a very significant presence in Spain

Military aircraft



A400M – Military transport aircraft
Spain has a 15% of participation share, including:
-Final Assembly Line
-Simulation and training Centre
- Services Logistics Hub
All of them located in **Seville (Spain)**
The first A400M aircraft have already been delivered to customer (France) in September 2013.

A330 MRTT – Multi Role Tanker Transport
Refuelling aircraft, entirely developed by Spanish industry, including a refuelling pole with electric controls.

Eurofighter Typhoon– Multi Role Fighter
14% share of participation by the Spanish industry. Major components developed in Spain:
-Right wing
-Leading edge slats.

Eurocopter– Military helicopter
Plant located in Albacete (Spain):
-Final Assembly Line
-Delivery Centre
For models: NH-90, TIGER and EC-35





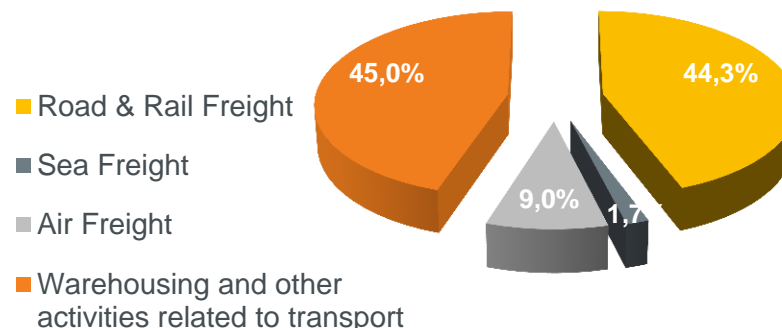
Investing in Logistics and Transport



Logistics and Transport Industries in Spain

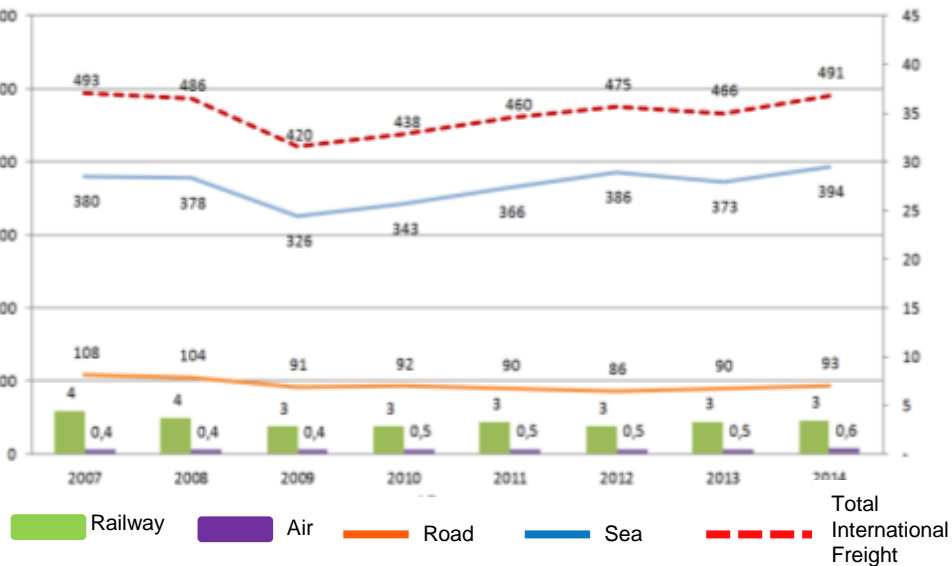
- **Spanish Logistics Sector ranks among the top-25 in the world according to the latest Logistics Performance Index of the World Bank (15th among the EU countries)**
- **1.4% of Spain's GDP**
- **Turnover € 99.1 Billion**
 - Logistics
 - Road, Railway, Sea and Air Freight
 - Growth rate of 7% in the last 3 years
 - Almost 4% of the Spanish GDP
- **Employment > 822,000 workers**
 - 4.2 % of active workers in Spain
 - 90.8% occupancy rate
- **Companies > 190,000**
 - Structure: High market concentration
 - 90% SME's
 - 10 big companies manage 27% of the business

Turnover 2014



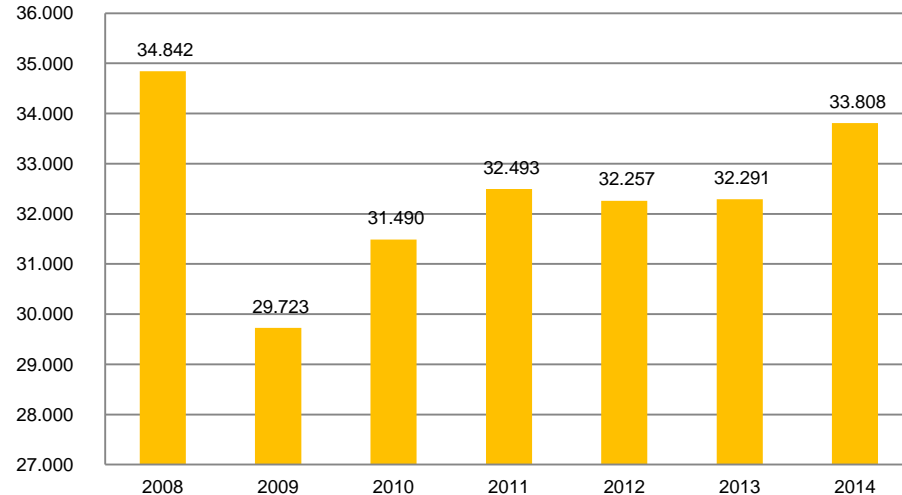
- International freight business in Spain is recovering pre-crisis levels
€ 33.8 billion turnover

Spain International Freight Traffic (Mill Tn)



Source: Annual Report, 2015 – Spain's Transport and Logistics Observatory.

Spain Freight Transport (€ Mill)



Source: Transport XXI Magazine Review.

■ 29 Container Terminals in 21 Ports

- Capacity: 22,1 Million TEUs/year
- Occupied surface: 7,73 Million sq m
- Average productivity: 545 TEUs/m

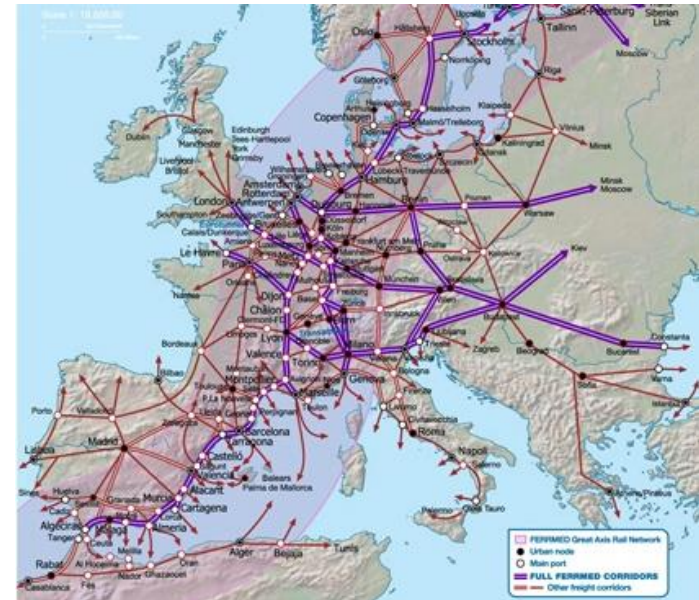


- In 2016 a total 32.6 Million passengers (cruises & lines)
- Cruise passengers increase 7.4%

- Barcelona is 1st in Europe and 4th worldwide



- The Infrastructure, Transport and Housing Plan (PITVI) (2012 - 2024) states a stable and sustained investor scenario of up to 0.94% of GDP during the period.
- The Trans-European Transport Network development encloses the Spanish Corridors in the Atlantic and the Mediterranean Sea to foster the Logistics.
- The Mediterranean Corridor plan connects the Mediterranean Spanish Seaports to a rail corridor which links North Africa to Central Europe through Spain.
- Intermodal investments: Spanish Ports increase their commitment for 2015 to over 423 million euros mainly focus on completing basic infrastructure projects and improving road and railway connections.



Success stories



- DHL Spain is the key input platform across the DHL network to Latin American markets. Invest in Spain.
- TNT International Operations Centre Madrid - Barajas (Spain) became hub for South America in 2002. Today, shipments to and from fifteen South American countries are handled from the Barajas Hub and to its whole network.
- Total Terminal International Algeciras (TTIA) part of the South Korean Hanjin Shipping group builds its first container terminal semi-automatic of the Mediterranean and Southern Europe.

Success stories

- **Hutchison Port Holdings**, a subsidiary of Hong Kong conglomerate Hutchison Whampoa, operates the new semi-automatic container terminal of the Prat quay at the Port of Barcelona, which represents an initial investment of 300 million Euros and aims to be the largest terminal in Southern Europe.
- Mexico's **Pemex** will install its European operations base at the port of A Coruña which implies a direct investment of \$70 million.
- The Danish **APM Terminals** Algeciras will devote €42 million investment to meet their new triple-E ships in the port of Bahía de Algeciras.
- **Toyota Motor Europe** (TME) sets up a new logistics centre in Illescas for the delivery of the brand's spare parts and accessories in Spain.
- The German **Vossloh Rail Vehicles** operates one of its engineering centres, a reflection of its commitment to innovation, in Valencia, Spain.
- One of the main actors of E-commerce in Europe, **Vente Privée**, opens its third logistics platform in Spain after Germany and Italy.



Investing in

Energy, Environment and Water



Renewable Energies: General Overview

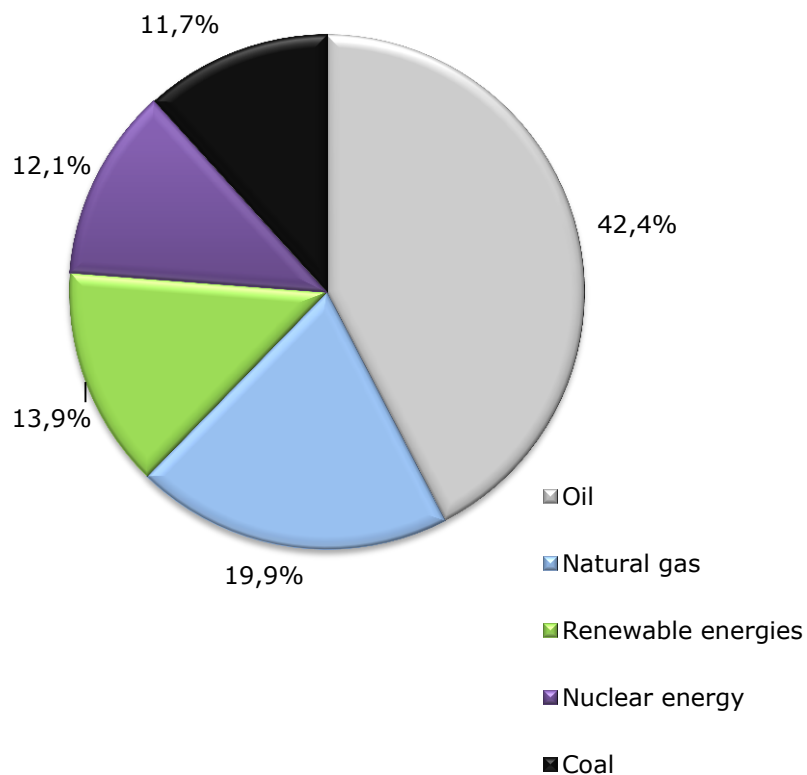
- The Renewable Energy Sector as a whole contributed **8,256 Million EUR to Gross Domestic Product (0,76% of total)**.
- The Renewable sector invested **230 Million EUR in R&D&I**.
- It contributed positively **to an 2,511 Million EUR improvement in the Spanish trade balance**.
- It avoided imports estimated to **6,866 Million EUR** (Fossil fuel imports avoided: 19,9 Million tep)
- **It saved 423 Million EUR in emission rights** (Avoided CO₂ emissions to the atmosphere: 55 MTon*)
- The renewable sector **employed +75,000 people**.

Source: Renewable Energy Association (APPA) 2016 (Data refer to 2015)
Study of the Macroeconomic Impact of Renewable Energies in SPAIN

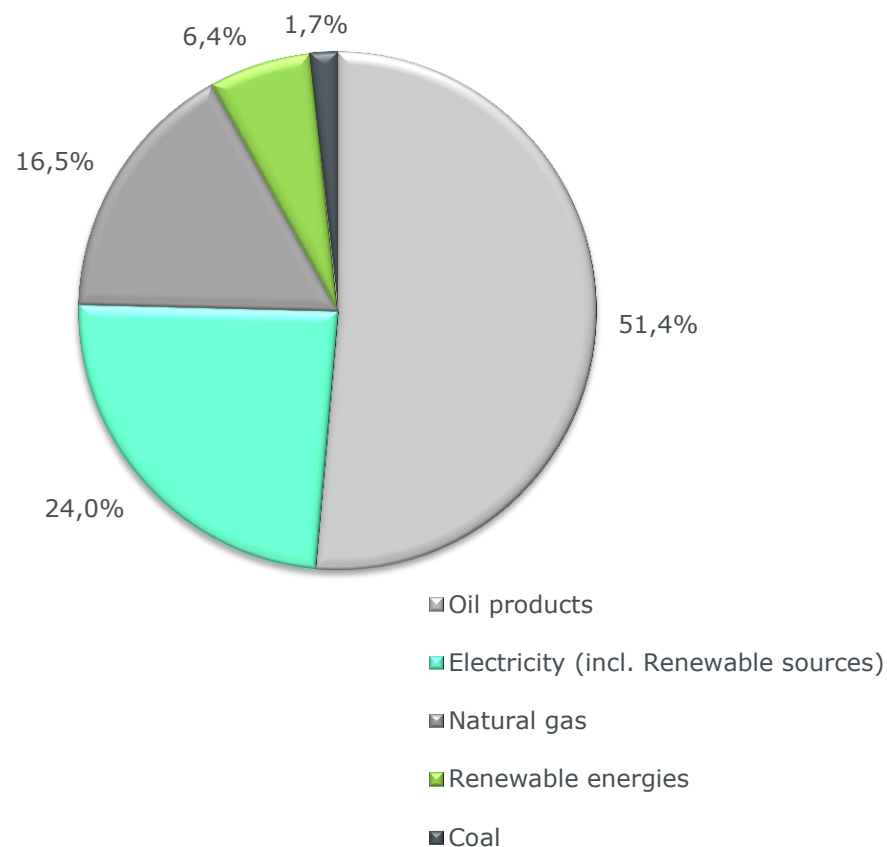


Energy Breakdown by Source in Spain

Primary Energy 2015

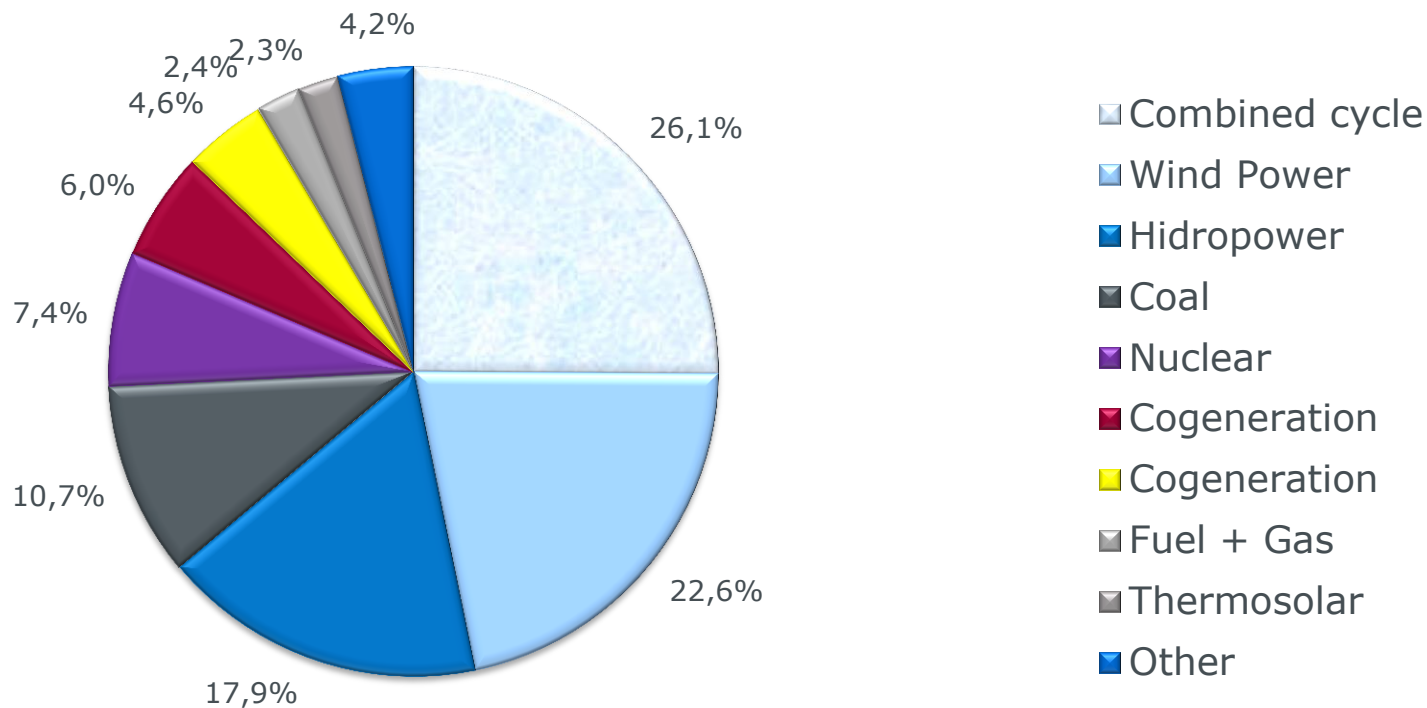


Final Energy 2015

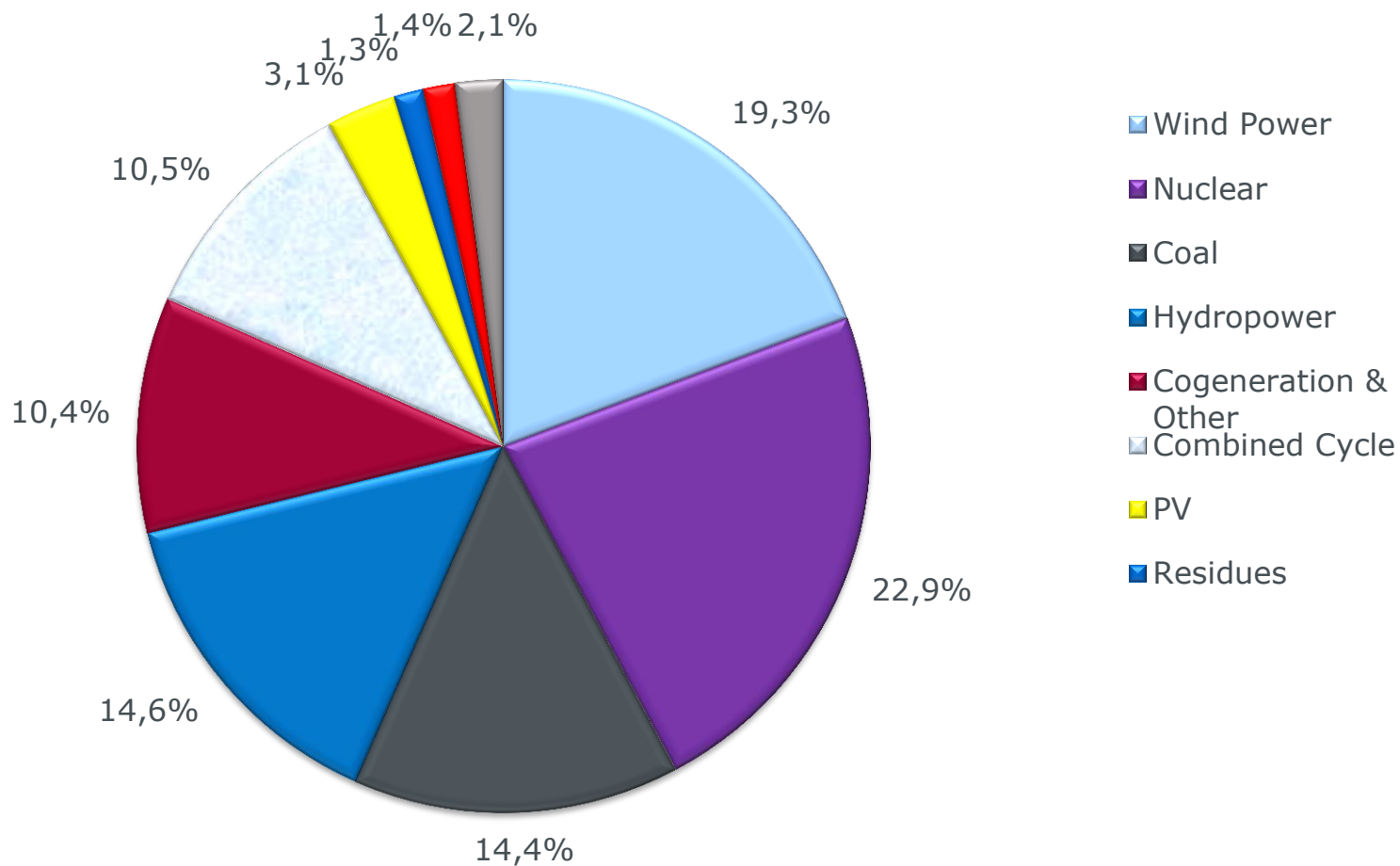


5. Business opportunities: Energy, Environment and Water

Installed Capacity (2015)



Coverage of Electricity Demand (2016)



Breakdown of the Renewable Energy Sector by Technologies (2015)

- The contribution of the sector to **the national GDP was 8,256** Million Euros, representing **0.76%** of the national total

Technology	Contribution to GDP M€	Employment
Biofuels	487	4,516
Biomass electricity	1,346	31,438
Biomass thermal	82	3,020
Wind	1,743	17,118
High enthalpy geothermal	13	197
Low enthalpy geothermal	30	749
Marine	12	307
Small-scale wind	22	306
Small-scale hydraulic	392	1,432
Photovoltaic solar	2,704	10,210
Thermal solar	66	1,043
Solar Thermo-Electrical	1,358	5,140
Total	8,255	75,476

Environmental Industry in Spain

- The Spanish environmental sector accounts **3,6% GDP**
- Sales: **40.355 million €**
- **7.780** companies employing **530.947** people directly
(estimates put employment at 1 million in 2020)
 - 26,4% work in Waste treatment and management.
 - 11% work in Water treatment.

Areas that require urgent attention and **offer opportunities to foreign investors** include Renewable Energies, Waste Management, Air Quality and Water Treatment:

- Waste generation: 460 kg/inhabitant in 2014
- Emissions: 5,7 tonnes of CO2 equivalent/inhabitant in 2014
- Domestic Water consumption: 139 litres/inhabitant/day in 2016

Environmental Industry in Spain: key players

Public entities

EUROPEAN ENVIRONMENTAL AGENCY

www.eea.europa.es

- Provides sound & independent information
- 32 member countries

SPANISH MINISTRY OF AGRICULTURE, FOOD AND ENVIRONMENT

www.mapama.gob.es

- Makes proposals and develops the implementation of government policy

17 REGIONAL AUTHORITIES

- Definition and implementation of environmental policy.
- Regional environmental authorities often called “Consejerías”

MUNICIPAL AUTHORITIES

- Subsidies, Fines refuse collection, street cleaning etc.
- Local environmental authorities, often called ‘Concejalías’

Private companies

GROUP	ENVIRONMENT	WATER
ABENGOA	BEFESA	ABENGOA
		
		
		
ferrovial		cadagua
		
		
		
		

Water Sector in Spain

- Maximum reservoir capacity (2017) 55.993 hm³
- Reserves (March 2017) 33.032 hm³ (59,0%)
- Domestic consumption (2016) 139 liters/inhabitant/day
- Average price (2016) 1,77 €/m³

Uses

Urban Supply	4.485 hm³
Irrigation	15.832 hm³

Water Origin

<u>Urban Supply</u>	
Surface (Dams, rivers...)	67%
Underwater sources	29%
Others (Desalination, depuration)	4%

<u>Irrigation</u>	
Surface (Dams, rivers...)	76,9%
Underwater sources	21,5%
Others (Desalination, depuration)	1,6%

Treatment

3.375 hm³/year of treated waste water by **2.533 WWTP**
400-500 hm³/year reused by regeneration systems

>700 towns with >2000 inhabitants with no waste water treatment plant

Water Sector in Spain

- 24.000 companies involved in the water sector
- 212.300 jobs
- Water sector annual turnover: approx. 32.000 million euros

Strengths

Sectorial targets match general interest.
Great quality and innovation in Spanish water industry.
Sector generates employment and wealth.
Large number of products, solutions, high technological level.
International experience and reputation.
Strong sectorial network.

Business Opportunities

Growing demand of water supply & water treatment.
Rising social concern about water use and efficiency.
Demand if integral solutions (EPC + O&M).
Growing investments & financing in developing and emerging countries.
International projection of Spanish water companies.
Excellent public-private cooperation in I+D+i .

Desalination

- Spain is the **1st producer** of desalinated seawater in Europe and America
- Spanish companies are leaders in **Reverse Osmosis Technologies**.
- Interesting **cluster**:
 - More than 700 desalination plants in Spain according to the Ministry of Agriculture, Food and Environment.
 - International Expertise in construction of desalination plants (Befesa, Cadagua, Acciona...)
- R&D. Research centers actively involved in desalination:

Main Water Institutions & Associations



www.aepas.es

Professional association for the promotion and development of scientific, technical, administrative and legal services for urban water supply and sanitation matters.

It currently has 330 partners and operating entities integrated in the association, serving more than 35 million people in more than 1.700 Spanish municipalities.



www.aedyr.com

Associates people, companies and groups related to water desalination and reuse in Spain.

AEDyR represents large & small engineering companies, component manufacturers, universities and research centers, public administrations and anyone privately interested in the sector. It currently has 214 partners.



www.asoaga.es

Association created to promote and defend the common interests of business related services integrated water cycle.

At present, its associates and partners operate urban water about 75% of the Spanish population, with an annual turnover of 3,800 million euros and employ over 17,000 people.

Main Water Institutions & Associations



**Asociación Española
de Empresas de Tratamientos
y Control de Aguas**

It represents and promotes the interests and competitiveness of companies operating in the sector of the treatment and control of water: use, treatment, purification, reuse, desalination, analysis, measurement, management, irrigation and quality control of the water.

At present there are more than 120 companies companies directly adhered to the Association.

www.aquaespana.org



Association of companies committed to sustainability and efficient management of water resources, with innovation as the basis, covering all technological fields of urban, industrial and agricultural water: drinking water, desalination, purification, reuse and recovery of rivers.

www.asagua.es



asersa

Asociación Española de Reutilización Sostenible del Agua

Nonprofit association created to promote participation in projects of public interest related to water reuse.

www.asersagua.es

Main Water Institutions & Associations



www.plataformaagua.org

R + D + i network in water sector whose main objectives are:

- Generate added value for its partners, the sector and the society.
- Encourage participation and collaboration in R+D+i between institutions and national and international authorities,
- Develop and implement a Strategic Research Agenda (SRA).
- Identify and promote R & D + I projects.
- Promote technology transfer.



www.seopan.es

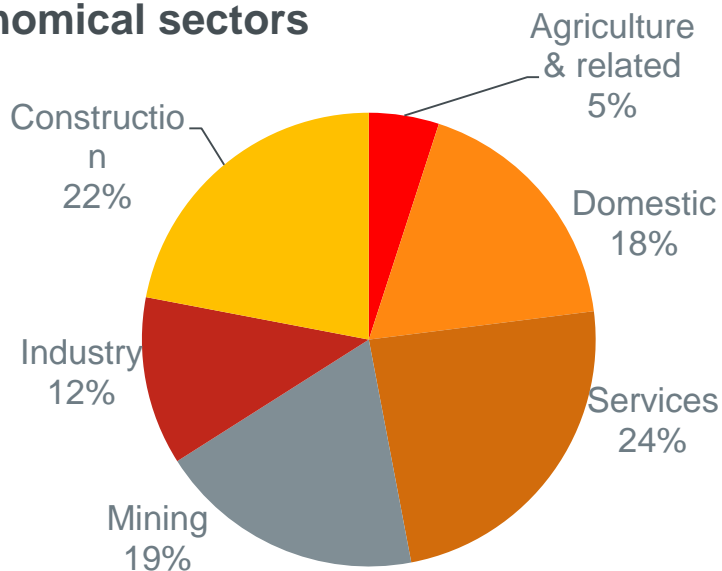
Association of construction companies and infrastructure licensees. It promotes investment in infrastructure and the of projects of public-private collaboration.

It consists of 72 companies and 12 business groups dedicated to the construction and management of public infrastructure through concessions. Nine of them are listed on the Madrid Stock Exchange. Together, the associates represent a turnover of 80,000 million euros, providing employment to more than 433,000 people.

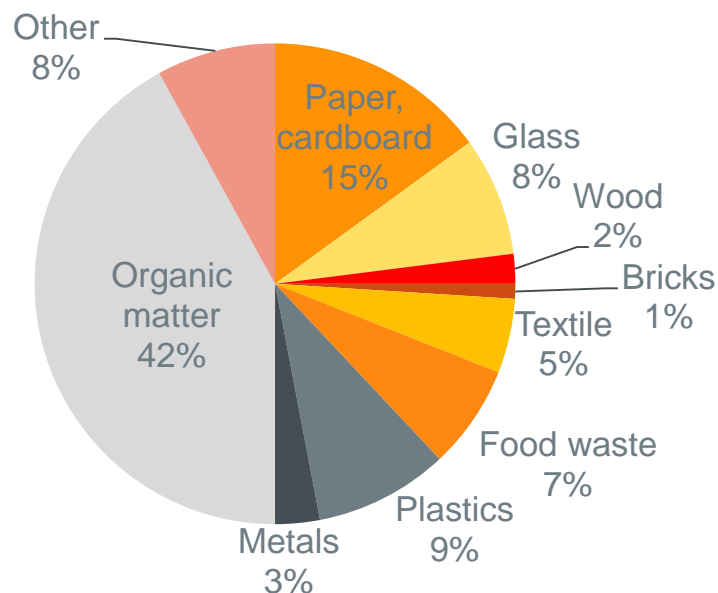
Waste Management sector in Spain

- The Spanish Government has recently issued the Residues Framework Plan (PEMAR) for the period 2016-2022.
- By 2020 the fraction of recycled/reutilized residues must increase from 30% to 50%.
- Waste treatment expenditure low, 35 euro/Tn (European average 100 euro/Tn)

Waste Generation: Economical sectors



Composition of Urban Waste

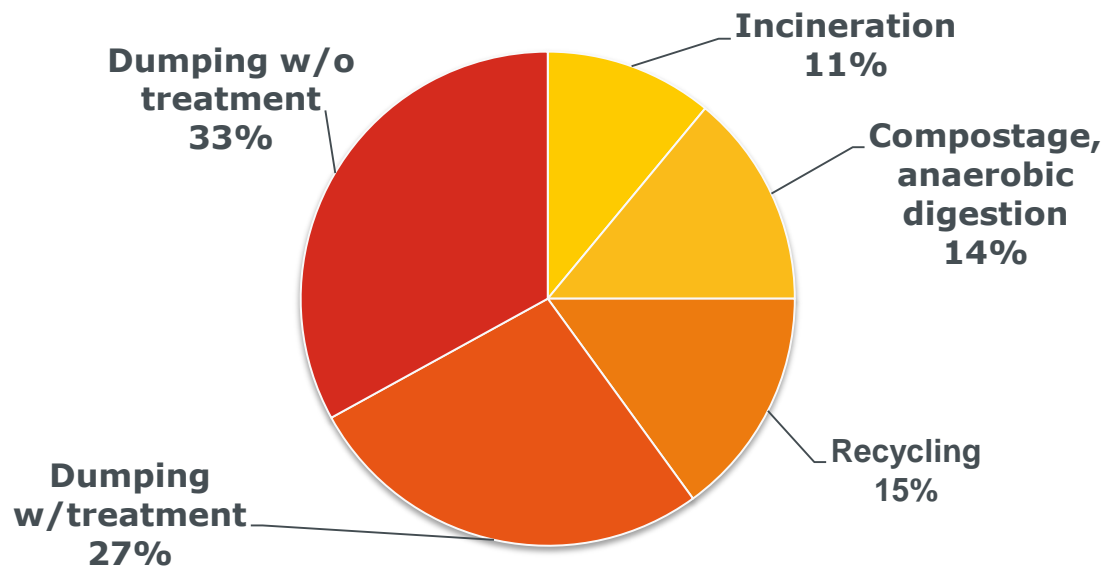


Waste Management sector in Spain

Room for improvement, great business opportunities

As much as 60% of waste is still dumped, 45% of which is not treated.

Destination of Urban Wastes

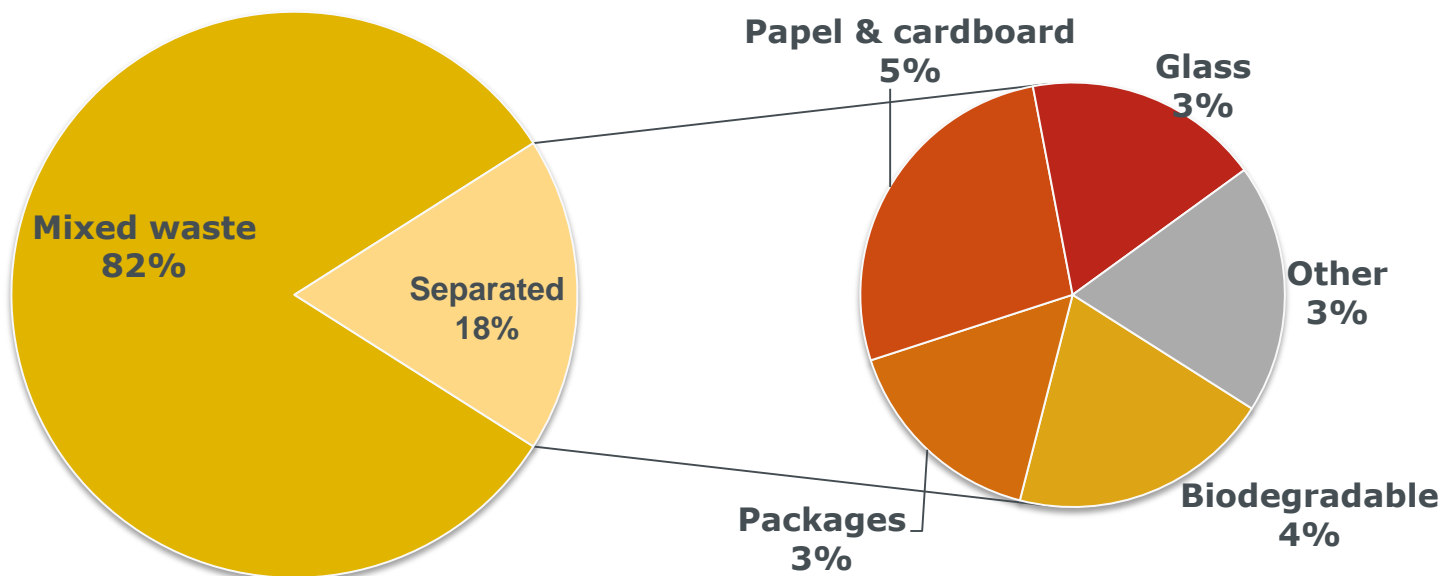


Waste Management sector in Spain

Room for improvement, great business opportunities

PEMAR: Separation in origin must improve from current 18%.

Waste Collection





Investing in Chemical Industry



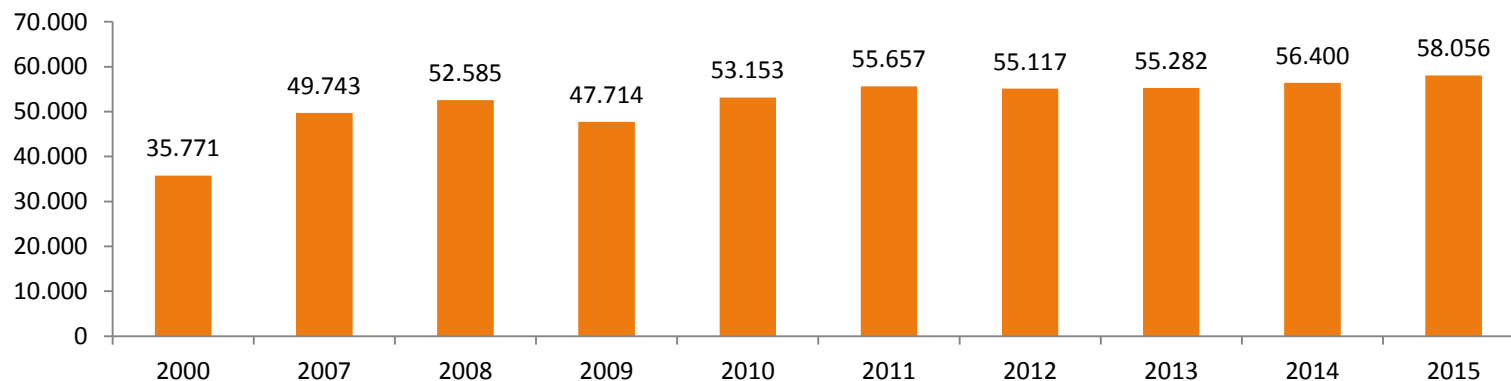
Strategic Sector of the Spanish Economy.

4.5% annual growth of Chemical products demand forecasted worldwide

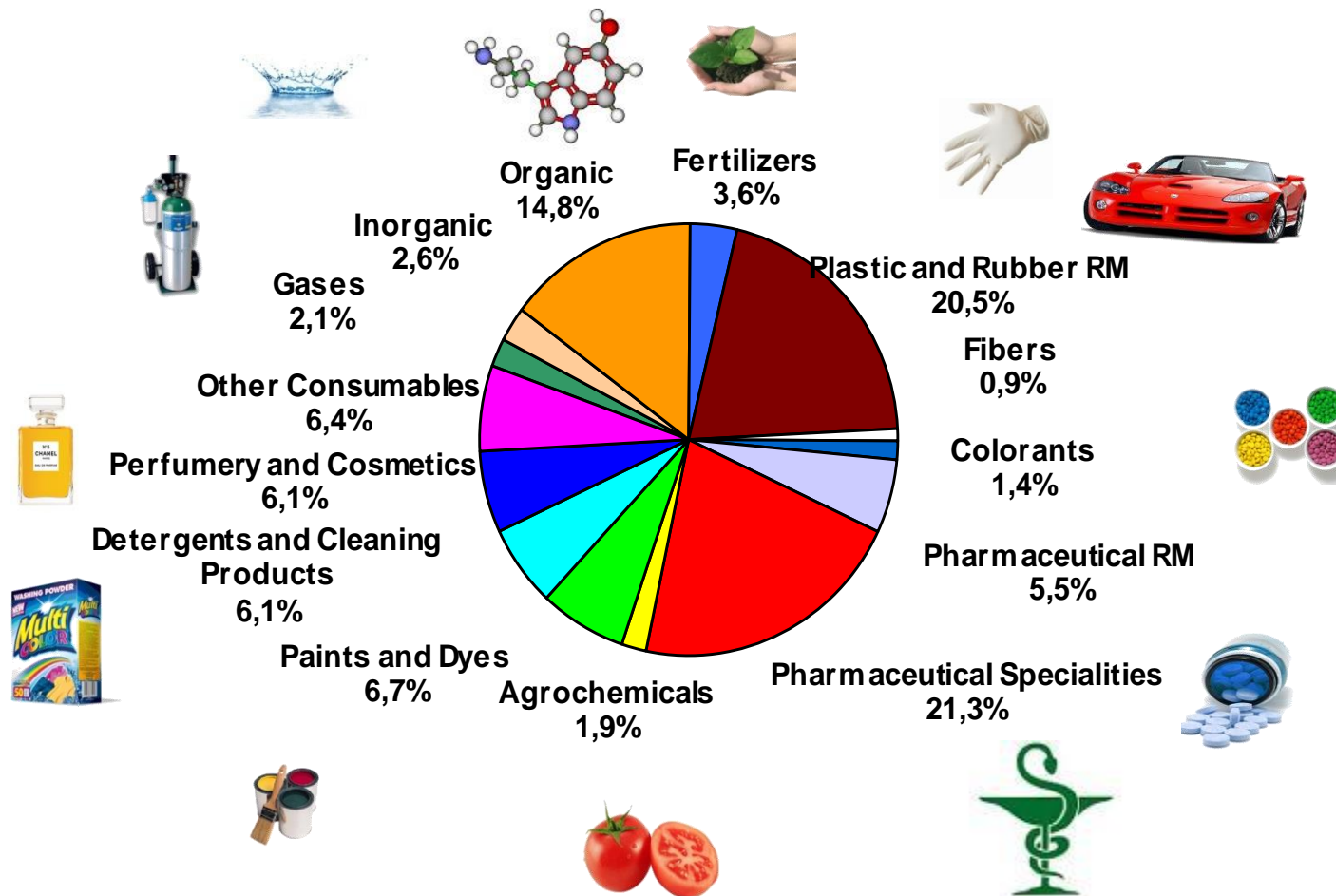
Main Figures of the Spanish Industry-2015 :

- **3,100 Companies** with a turnover of **58 billion €**
- **12,4%** of Spanish Gross Industrial Product.
- **570,000** direct and induced **high qualified jobs**.
- High Domestic Consumption of Chemicals (**1,355 € /capita**).
- **2nd largest exporter** of Spanish Economy with more than **33 billion €**.
- Spain is **Gateway to EU** market and **EMEA & Emerging Markets**.
- **Leader Sector in Innovation: 25%** of Industrial Investment in **R&D&I**.
- **Competitive Talent: 118,600€** added value per-employee.
- **Sustained Growth : 54.5%** growth through last 10 years.

**Evolution of Turnover in the Chemicals Sector
2000-2015 (millions €)**



Spanish Industry : Sectoral Specialization Turnover (%)



Investment Locations:

Productive sites and Clusters providing industrial and Logistics infrastructures and Services for New Projects..

■ Mediterranean Region:

Largest Chemical Cluster in Southern Europe and Mediterranean Area: **ChemMed** in Tarragona. **Key Clusters** in **Huelva** and **Algeciras**. **Chemical strategic sites** in **Valencia** and **Murcia**.

■ North Chemical Sites:

Cantabria, Asturias, Pays Basque.

■ Non Coastal Chemical Regions:

Madrid, Aragón, Castilla-León, Castilla La Mancha.

Regional Implementation of the Spanish Chemicals Sector
Main areas of production



Infrastructures - Energy Supply and Investment Support.

- Guaranteed **Energy Supply** and Investment in Infrastructures.
 - Diversified energy mix with high contribution of renewables.
 - Secure National Electricity System- 102,281 MW installed power.
 - Largest as infrastructures and storage capacity in Europe.
- High Public Investment committed to boost **freight transport and intermodal infrastructures** and logistics hubs.
 - Agreement of the Spanish Chemical Industry with the Ministry of Public works to develop direct connections between rail network and Production Plants.
- Vast Structure of **financial programs** for Reindustrialization and Innovation activities.

2nd destination in Europe for R&D Greenfield projects related to Chemical Sectors.

5th destination in Europe considering all types of Chemical projects of Multinationals
(**369 projects** in all activities: research, manufacturing, logistics)

Country Ranking New Chemical Projects <i>(No. of Projects)</i>							
Destination Countries	Research & Development	Logistics, Distribution & Transportation	Manufacturing	Headquarters	Design, Development & Testing	Others	Total
UK	71	27	232	32	39	138	539
Spain	36	23	216	16	21	57	369
France	33	20	294	15	27	101	490
Germany	28	29	344	26	43	237	707
Ireland	23	6	85	11	5	37	167
Belgium	16	17	153	8	18	49	261
Russia	15	17	275	4	9	96	416
Hungary	13	14	132	2	-	31	192
Austria	11	4	50	4	3	26	98
Poland	9	12	237	1	10	79	348
Sweden	9	4	45	7	3	20	88
Italy	8	4	83	2	9	42	148
Switzerland	8	2	35	25	8	35	113
Total Europe (41 countries)	320	248	2.944	191	231	1.376	5.310

Source: FDI Markets. Sectors included Chemicals, Pharma, Plastics, Rubber. Data 2004-2016.

369 Chemical Greenfield Projects 2004-2016 with a CAPEX of \$12,351 Mill and 19,858 jobs

Selected Main New Chemical Projects by Parent Company (Million USD) 2004-2016				
Parent company	Projects	Capex	Jobs Created	Companies
Ube Industries	14	598	843	4
BASF	12	403	440	6
Bayer	12	161	340	4
Dow Chemical	10	718	436	3
Novartis	9	671	1.168	2
Boehringer Ingelheim	8	122	311	2
Michelin	8	244	652	1
DuPont	7	370	404	2
Bridgestone	6	322	445	2
Sanofi-Aventis	6	164	524	2
General Electric (GE)	5	1.804	1.700	3
Messer Group	5	108	108	1
AkzoNobel	4	69	146	2
Henkel	4	13	74	2
Hexcel	4	159	156	2
Israel Chemicals (ICL)	4	182	357	2
JM Holding GmbH & Co	4	89	85	2
Les Laboratoires Servier	4	31	86	2
Merck & Co	4	550	986	3
Merck KGaA	4	62	128	2
Solvay	4	112	116	2
Companies 22 to 205	231	5.399	10.353	193
Total	369	12.351	19.858	244

Source: FDI Markets. Sectors included Chemicals, Pharma, Plastics, Rubber. Data 2004-2016.

5. Business opportunities: Chemical Industry



HINDUJA GROUP





Investing in Nanotechnology



Nanotechnology Initiatives and Companies in Spain

- **NanoSpain: Spanish Nanotechnology Network** (www.nanospain.org) brings together **368 research groups, 50 companies** and a **research task force of around 23,000** researchers and technicians. Network coordinators: Phantoms Foundation (www.phantomsnet.net) and CSIC (www.csic.es).
- **Phantoms Foundation** (www.phantomsnet.net) focuses its activities on nanoscience & nanotechnology and is a key actor in structuring and fostering European excellence and enhancing collaborations in this field.
- **100 innovative companies** providing a general overview of the sector in Spain catalogue: Catalogue of Nanoscience & Nanotechnology Companies in Spain 2016
- **Spanish N&N Thematic Networks:** **RENAC** (Construction), **SUSCHEM** (Sustainable Chemistry); **NANOMED** (Spanish Nanomedicine Platform); **GENESIS** (STP Nanotechnology and Smart Systems Integration); **MATERPLAT** (STP Advanced Materials and Nanomaterials); and **FOTONICA 21** (STP Photonics).

Research Groups in Nanospain Network (Regional Distribution) **334 groups**



Nanotechnology Initiatives/ Infrastructures

Andalucia



Aragon



Asturias



Barcelona



Madrid



Pais Vasco



Portugal



Toledo

Instituto de Materiales Moleculares, Nanociencia y Nanotecnología

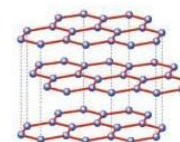
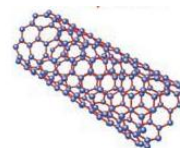
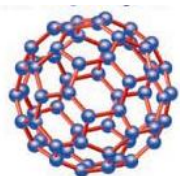
Valencia



Emerging N&N in Spain

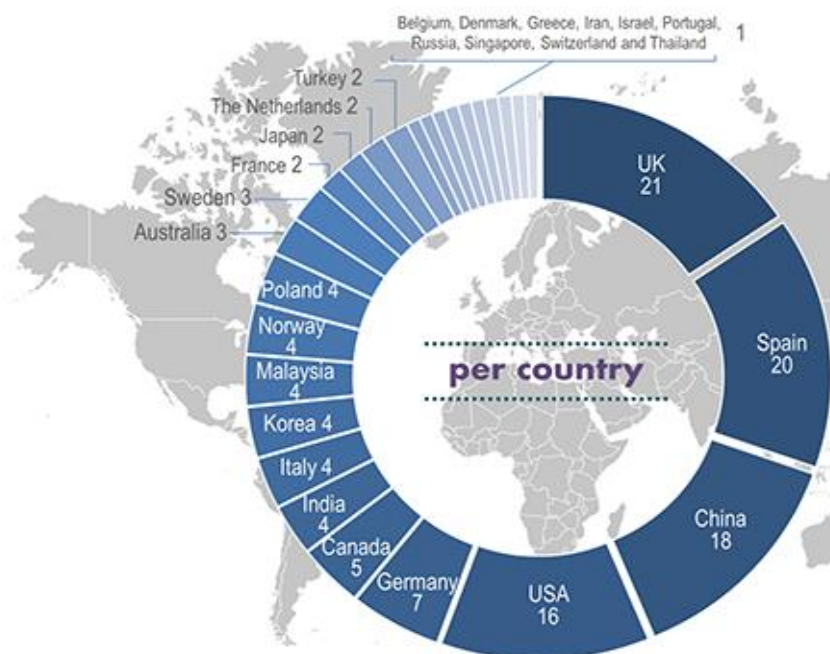


Nanomaterials and Graphene



- In the fields of **graphene research** Spain occupied the **8th position** in the ranking of countries in **published papers 2004-2011**. (source *Thomson Reuters Global Report Material Science*)
- Spain is actively participating in the **EU Graphene Flagship**. **300 Spanish researchers** are currently working on graphene (source: **CSIC** - Institute of Materials Science of Madrid)
- **CSIC** –National Research Council stands **3rd** among world wide Institutions in **Graphene research** (*Thomson Reuters Global Report*)
- Spanish emerging companies among European leaders in **graphene production** and exports. **Graphenea** (www.graphenea.com), **Granph Nanotech** (www.granphnanotech.com) or **Avanzare** (www.avanzare.es) are developing innovative processes and advanced products to supply companies as **Nokia, Philips, Canon, Nissan** or **Sigma Aldrich**.
- **CDTI** (Center for Industrial Technological Development) and the Spanish petrochemical multinational **REPSOL** have co-invested in the company **Graphenea** to develop high quality graphene for international markets.
- **Research laboratories** in Spain are developing advanced products for electronic applications used by multinational companies like **TOSHIBA**.

- Spain has a relevant international position in number of emerging Graphene Companies and research institutions.
- New Catalogue of 23 Spanish Graphene Companies working in all research and Industrial fields compiled by the Phantoms Foundation – ICEX



Nanoinnova Technologies S.L.
Graphene application developer & graphene producer
Main activity: Producer of chemically modified graphene nanoplatelets under the brand GRAFENET. The chemical modification allows a better dispersion in several matrices: epoxy, water based formulations, etc. and the tuning of the primary graphene properties. GRAFENET is marketed in masterbatch format for a rapid incorporation to the industrial process avoiding powder manipulation. Adhesives coating, fiber reinforced composite mechanical reinforcement, concrete durability improvement and additive in rubber are the main application markets of GRAFENET.
%Activity in graphene (R&D): 90%
Created in: June 2010
Contact person: Rafael Ferrás
Web: www.nanoinnova.com
Email: rafael.ferras@nanoinnova.com

Nanoquímica S.L.
Graphene supplier, graphene application developer and graphene based products producer
Main activity: carbon based nanomaterials (carbon nanotubes and nanotubes, graphene composites, carbon nanotube composites) and metal nanoparticles. R&D in carbon nanomaterials applications.
%Activity in graphene (R&D): 30%
Created in: 2005
Contact person: Carlos Medas
Web: www.nanoquimica.com
Email: carlosmedas@nanoquimica.com

Nanotecnología Spain S.L.
Nanotechnology developer
Main activity: Research & development of nanotechnology for industry.
%Activity in graphene (R&D): 30%
Created in: 2014
Contact person: Adam Pardo
Web: www.nanotecnologia.com
Email: adam@nanotecnologia.com

Plasma Advances S.L.
Graphene producer
Main activity: graphene production, plasma device fabrication, surface modification studies, advanced sensors in related applications.
%Activity in graphene (R&D): 70%
Created in: 2014
Contact person: Carlos Medas
Web: www.plasmaadvances.com
Email: carlosmedas@plasmaadvances.com

SENSIA
Graphene SPR biosensing solution manufacturer
Main activity: SENSIA is a technological leader company in the field of biosensing instrumentation based on SPR (Surface Plasmon Resonance), for the sciences laboratories and environmental measurements. SENSIA has developed the first available commercial graphene biosensors, leading the SPR technology into new uncharted levels of detection, into the atomistic range. SENSIA is a company of the Montegroup Group.
No. of patents: 2
Created in: 2014
Contact person: Ivan Llamas
Web: www.sensia.com
Email: ivanllamas@sensia.com

SIMUNE ATOMISTICS S.L.
Computational Materials Design Services
Main activity: SIMUNE is a company expert in ATOMISTICS SIMULATIONS offering computational materials design services, professional support for DFT, development/integration of customised modules.
%Activity in graphene (R&D): 35%
Created in: 2014
Contact person: Javier de Buitas
Web: www.simune.es
Email: javier@simune.es

The Graphene Box
Graphene Supplier
Main activity: With a team of over 40 people and four sales offices in three countries, The Graphene Box was created with the objective of making available to any company, research center or school the most innovative material in nanotechnology: graphene.
Created in: 2014
Contact person: Verónica Álvarez
Web: www.thegraphenobox.com
Email: veronica@thegraphenobox.com

VLC Photonics
Graphene application developer
Main activity: VLC Photonics specializes in the integration of optical systems into photonic chips, providing chip design and testing services, and breaking the chip manufacturing and sensors. This includes graphene-enabled photonic integrated circuits for optical components like modulators, tunable filters, ultra-high speed photodetectors, etc.
Created in: 2011
Contact person: Javi Arribas
Web: www.vlcp Photonics.com
Email: javi.arribas@vlcp Photonics.com

Editor
Phantoms Foundation
The Phantoms Foundation created in 2013 the official recognition as Lead Collaborator of ICEX, Spain Export and Investment (www.icex.es) to coordinate the Spanish Nanotechnology Plan funded by ICEX and to bring to international exhibitions and conferences "Nanoscience and Nanotechnology Spanish Pavilion".
Main activity: nanoscience, nanotechnology (NANO) project management, conference and fair organization in particular graphene-related: Graphene Europe conference series, Graphene Canada, GraphChina, Graphon International Conference, network coordination.
Phantoms Foundation is also coordinator/leader of the catalogue of graphene companies worldwide, provides focused reports on NANO-related research areas, and develops the graphene CLOUD website (www.graphenecloud.net).
%Activity in graphene: 40%
Created in: 2013
Contact person: Antonio Carro
Web: www.phantomsnet.net
Email: antonio@phantomsnet.net



International Graphene Catalogue (Phantoms Foundation 2016)
http://www.grapheneconf.com/companies_catalogue



Investing in Agro-food



Agro-food sector in 2015 contributed in **94,938 million euros** to Spanish GDP, 9% of total. It employed **2,4 million** people.

The agrifood sector's foreign trade in 2015 had a **positive balance**:

- Food exports value rose to **€ 44,065 million**:
 - **Fruit and vegetables** € 14,333 million
 - **Meat** € 5,109 million
 - **Fish and seafood** € 2,933 million
 - **Drinks** € 3,606 million
- Food imports value amounted to **€ 34,078 million**.

Mainly, Spain sold abroad its **citrus**, its **sweet fruits**, its **vegetables**, its **wines** and its **oils**, but also its fish products, processed meats and many other agrifood products.

Main market for Spanish exports of agrifood products has always been **Europe**, but since Spain joined the European Union (EU) that relationship has intensified significantly.

Basic data on the food industry

Sector	Net sales (million €)	People employed
Meat industry	19,499	101,306
Fish processing	4,107	22,622
Fruit and vegetable processing	7,155	39,056
Manufacture of fats and oils	8,427	14,716
Dairy industry	8,322	31,874
Milling products	3,323	7,896
Animal feed products	8,984	15,673
Bread, cakes and biscuits	6,630	96,075
Sugar, chocolate and cocoa	4,788	25,000
Other products	4,827	28,486
Production of alcoholic beverages	9,586	41,548
Mineral water and soft drinks	4,519	15,508
Total	90,169	439,760

Source: Mercasa 2014. FIAB 2014 (2013 Data)

Olive oil

Spain is the **world's leading producer** and exporter of **olive oil** and table olives, with the largest acreage devoted to olive groves and the greatest number of olive trees.

World olive oil production (Thousands Tons)		
	2013/14	2014/15*
World	3,271	2,393
EU	4,477	1,532
Spain	1776	833

Source: Mercasa 2015

*Estimate



Spanish Wine and Grape Must

Production	43.4 million hectolitres (2014/2015*)
Exports	22.6 million hectolitres (total value: € 2,562 million)

*Estimate

Source: MAGRAMA. MERCASA 2015

- In 2014, Spain **ranks 3th in the world in wine** production and has the largest surface area of wine grape vineyards in the world.
- Main clients for Spanish wines are Germany, France and UK, followed by Italy, Russia and Portugal.
- China is an emerging market for Spanish wine.

Wine

Meat industry

- In 2013 there was an overall improvement of the livestock and meat produced in prices.
- Exports in 2014 were valued at € 5,109 million

Subsector	Production (th Tn)
Bovine	582
Ovine	119
Goat	9
Porcine	3,440
Poultry	1,370
Rabbit	63
Others	6
Total	5,588

Fuente: MERCASA 2014



- The Spanish catches reached the 813,200 tons with an estimated value of 1,785 million Euros.
- The aquaculture production reached 266,700 tones with a value of € 436 million.
- Exports in 2014 were valued at € 2,933 million

Fuente: MERCASA 2014

Fish processing

Fruit & Vegetables

- Spain is the second largest fruit and vegetable producer in Europe.
- The value of Spanish fruit and vegetables amounted to € 15,389 th in 2013.
- Production in Spain reaches 30 million Tn and exports in 2014* were valued at € 14,333 million
- The main crop is the tomato



* Estimated data. DataComex



- The value generated by this sector in 2013 amounted € 2,765 million.
- 75% corresponds to cow's milk
- 14% corresponds to sheep's milk
- 12% corresponds to goat's milk
- Exports in 2014* were valued at €1,400 million

* Estimated data. DataComex

Dairy products

Fuente: MERCASA 2014

Success stories



Shuanghui Group, acquired through the US company Smithfield, the Spanish company **Campofrio**.

Chinese multinational company has paid 7,100 million for Smithfield.

Campofrio, which owns brands such as Navidul, Oscar Mayer and Revilla, is **one of the largest food companies in Spain**.

It has 29 production plants in six European countries and more than 8,000 workers.

The Spanish Ministry of Agriculture, Food and Environment has signed a cooperation agreement with China's Wahaha, to boost the marketing of Spanish food products in major cities of China.





Investing in Real Estate

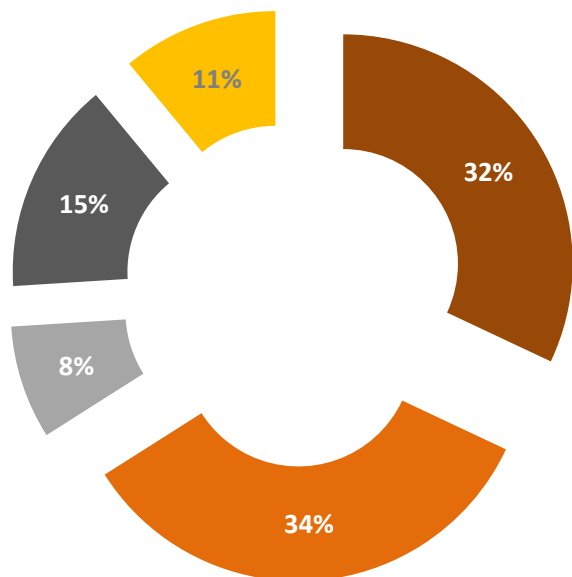


REAL ESTATE: Non Residential

Spain Real Estate Investment reached € **11,700 Millions** in 2015, what it is an increase of around **67%** compared to the previous year.

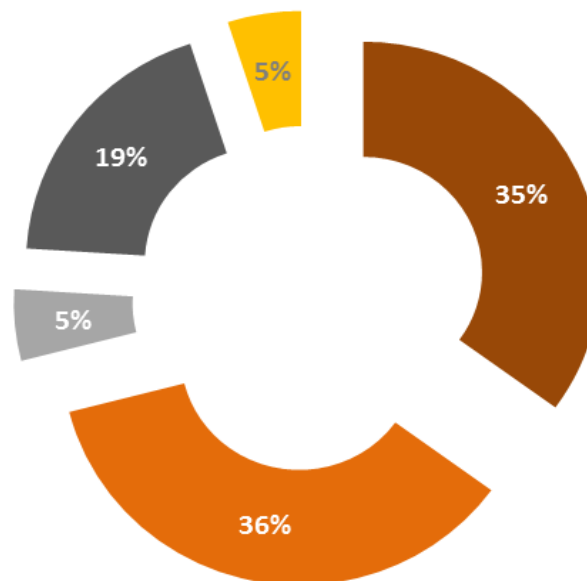
INVESTMENT VOLUMEN BY SECTOR

2014



■ Offices ■ Retail ■ Logistics ■ Hotel ■ Others

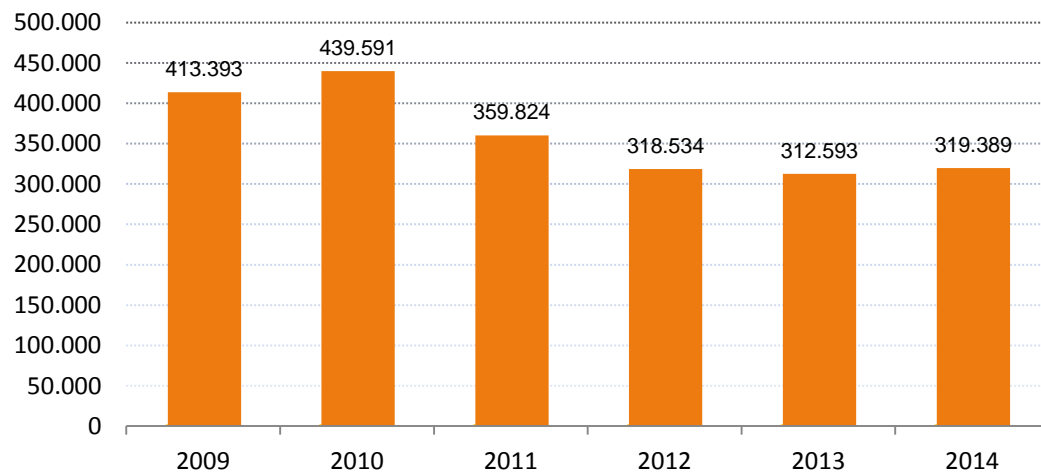
2015



■ Offices ■ Retail ■ Logistics ■ Hotel ■ Others

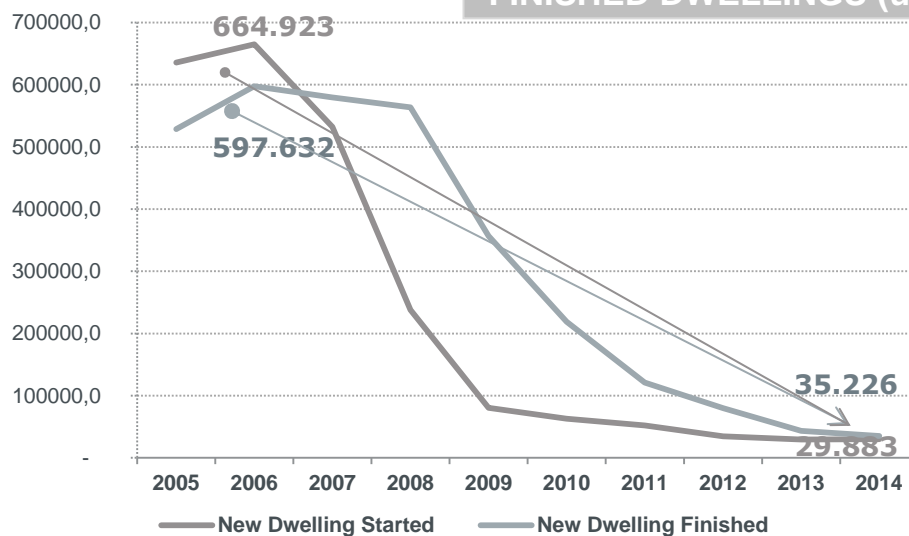
REAL ESTATE: Residential

DWELLINGS TRANSACTIONS (units)



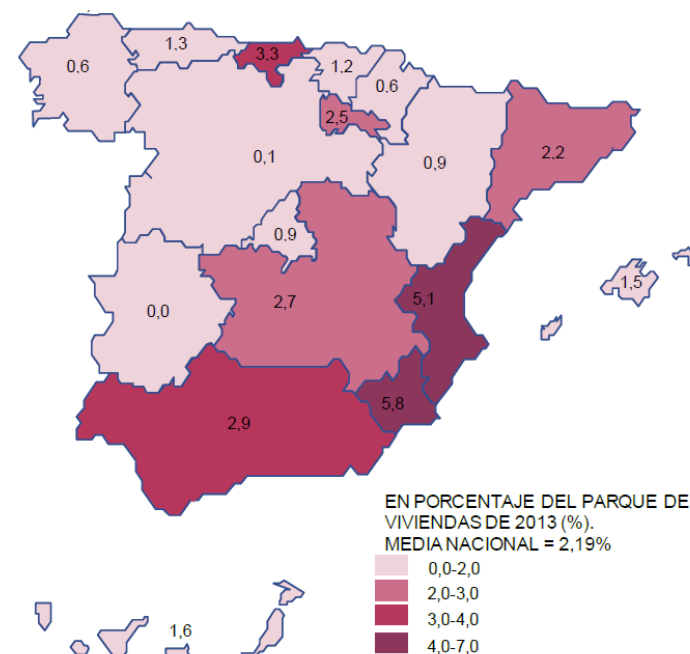
Source: National Institute of Statistics, 2015.

**ANNUAL STARTED &
FINISHED DWELLINGS (units)**



Source: Ministry of Public Works, 2015.

NEW DWELLING STOCK (% by Region, 2013)



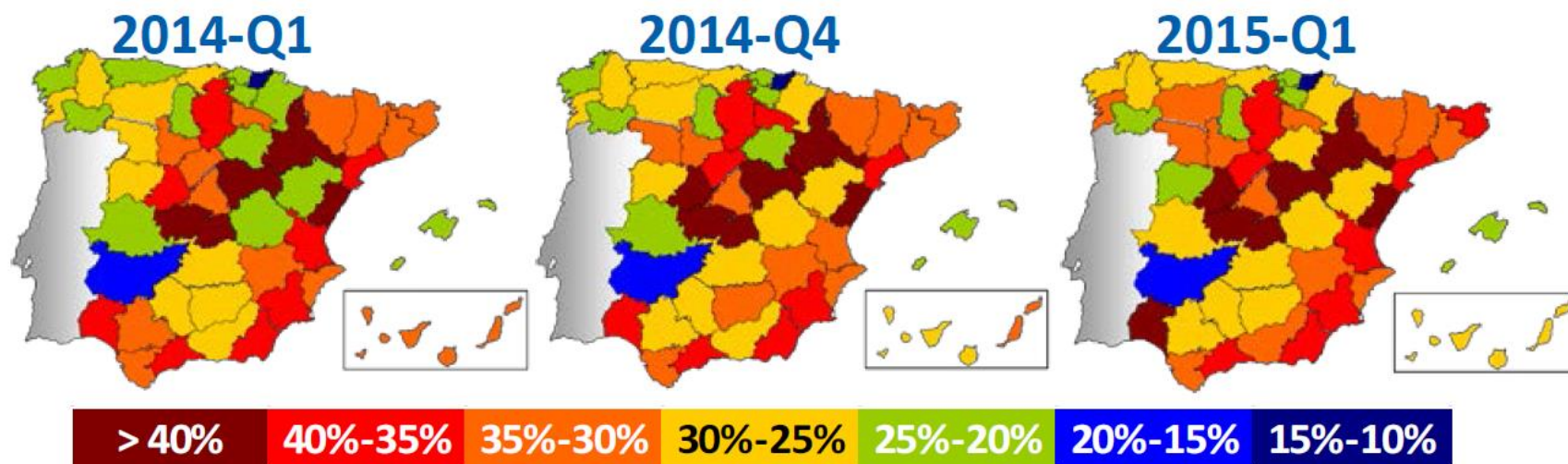
Source: Bank of Spain, 2015.

Residential , trends of prices

National average may not be noteworthy as housing market requires regional analysis. Nominal price adjustment of residential real estate has been very heterogeneous between regions.

Higher discounts have taken place in the Mediterranean Coast, in some of the Canary Islands and in Madrid's outskirts.

Nominal Housing Price Adjustment Since Peak in Each Province (%)

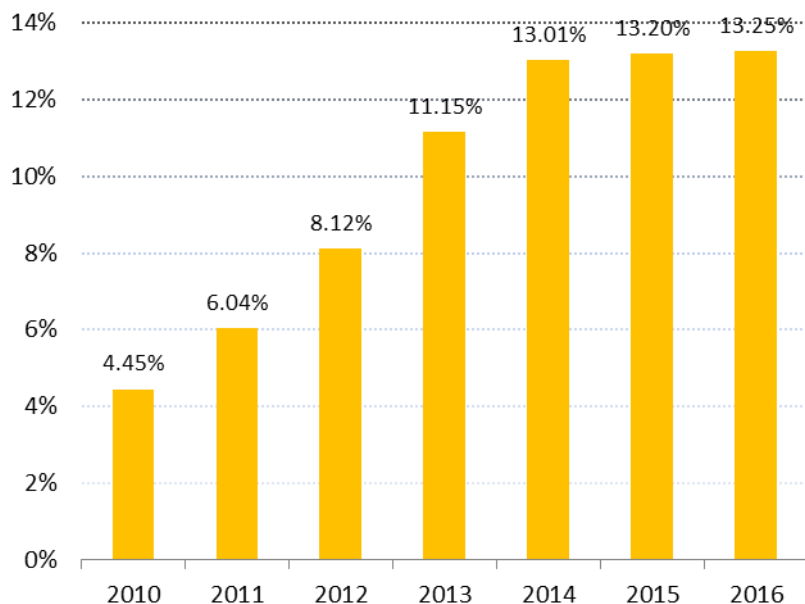


Residential

STILL DEMAND FOR HOLIDAY HOMES?

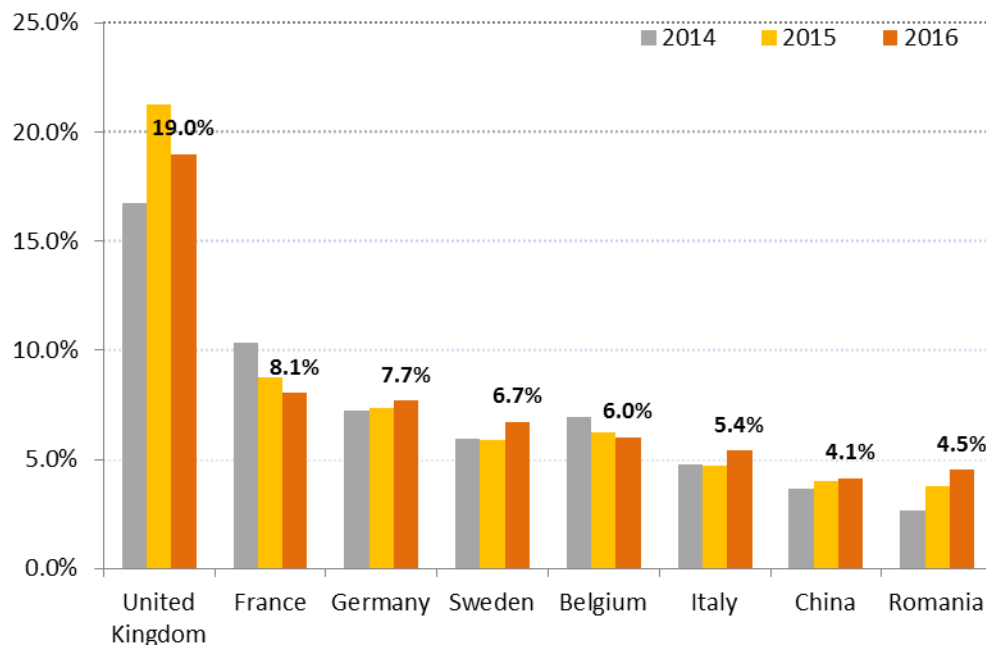
- After dropping 35% in 2009, the acquisition by **residents and non residents** rose during the last five years.

FOREIGNERS' DWELLING ACQUISITIONS



Source: Ministry of Public Works, 2016.

DWELLING ACQUISITIONS BY NATIONALITY



Source: Association of Property and Mercantile Registrars of Spain, 2016.



Investing in Tourism



Spain, a Major Player in Tourism

- Tourism accounts for **10.9% of GDP** in Spain
- Generates **11.9% of total employment** (about 2 million jobs)
- Covers 174% of the Spanish trade deficit (*Bank of Spain, 2014*)
- Receive more than 65 million tourists (2014) (IET/Tourspain 2014)

Travel & Tourism Competitiveness Index top 10		
Country	2015	2013
Spain	1	4
France	2	7
Germany	3	2
United States	4	6
U.K	5	5
Switzerland	6	1
Australia	7	-
Italy	8	-
Japan	9	-
Canada	10	8

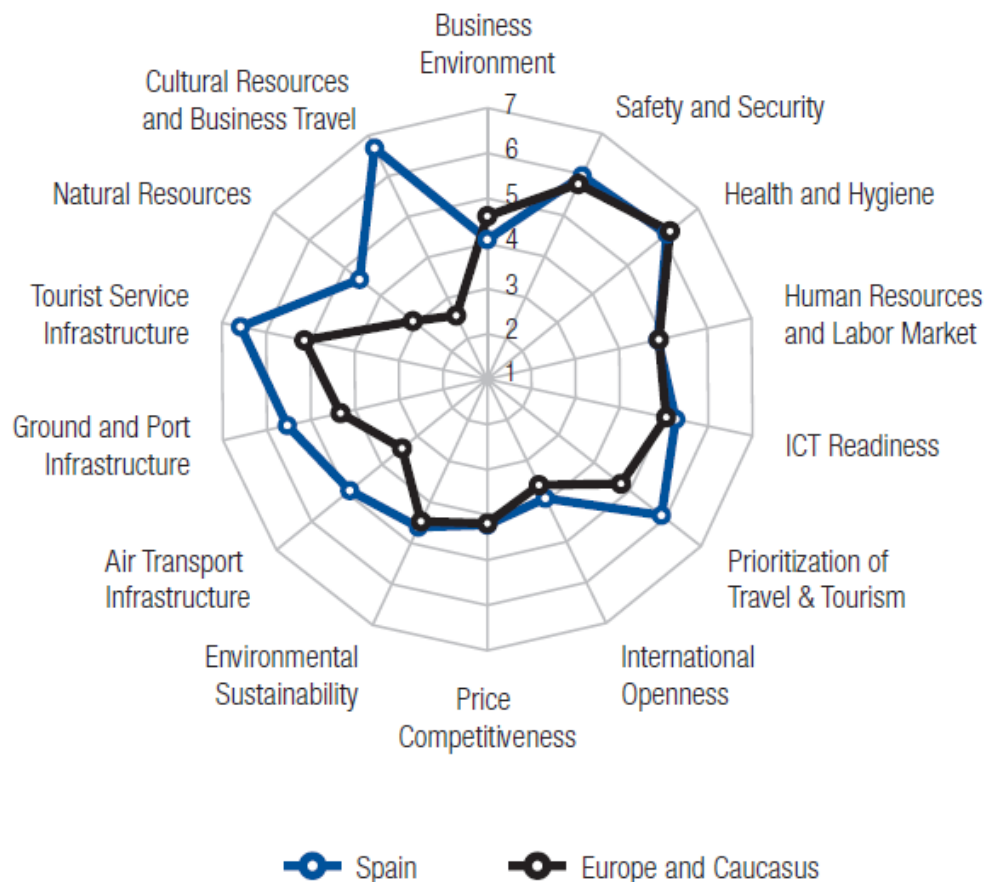
Source: The Travel & Tourism Competitiveness Report 2015, World Economic Forum (WEF)

Spain tops the 2015 Travel + Tourism Competitiveness Index 2015

The Travel & Tourism Competitiveness Index

Rank (out of 141) Score (1–7)

Travel & Tourism Competitiveness Index	1	5.31
Enabling Environment	35	5.26
Business Environment	100	4.09
Safety and Security	31	5.97
Health and Hygiene	33	6.11
Human Resources and Labour Market	34	4.87
ICT Readiness	31	5.26
T&T Policy and Enabling Conditions	8	4.66
Prioritization of Travel & Tourism	6	5.89
International Openness	41	3.93
Price Competitiveness	105	4.22
Environmental Sustainability	29	4.61
Infrastructure	2	5.68
Air Transport Infrastructure	12	4.91
Ground and Port Infrastructure	10	5.54
Tourist Service Infrastructure	4	6.58
Natural and Cultural Resources	4	5.64
Natural Resources	14	4.59
Cultural Resources and Business Travel	1	6.69



- **40.3% of our tourists have visited Spain ten or more times in their lifetimes**
- **82% are repeat visitors**



- 3rd country in the world in terms of UNESCO World Heritage (45 sites). Historical cities, Monuments and leading Museums.
- 2nd country in Europe in Natural Areas (14 National Parks, 126 Nature Reserves) and 48 Natural spaces declared UNESCO Biosphere Reserves (top-1 worldwide).
- 2nd country, behind USA, in receiving foreign golf tourists, with 437 courses and more than 1,07 million tourists in 2014.
- More than 684 Spain Blue Flags Eco-Label Record (2017): Beaches Spain (579), Greece (485), Turkey (454), France (390) and Italy (342).
- More than 120 spa resorts in mid or high mountain locations.
- More than 300 days of sunshine a year and more than 2,000 km of Green Tracks.

Business opportunities

- Continued expansion and diversification
- Increasing number of destinations have opened up to and invested in tourism



CRUISES



MICE



**SMART
TOURISM**



**VACATION
CLUBS**



**CULTURAL
TOURISM**



**THEMED & LEISURE
PARCS**



**SHOPPING
TOURISM**



**HEALTH & WELLNESS
TOURISM**



**SPORTS
TOURISM**



**GASTRONOMIC
TOURISM**



**URBAN
TOURISM**



**RELIGIOUS
TOURISM**



**NATURE
TOURISM**



**LEISURE
TOURISM**



**SUN
TOURISM**



**INTERIOR
TOURISM**



Investing in Natural Resources



- Spain has one of Europe's **most diversified mining sectors**, which produces mostly industrial minerals and stone.
- Spain encompasses almost 90% of the Iberian Peninsula which is considered to be **the most mineralized zone in the European Union as it includes the volcanic massive sulphide (VMS) deposits of the Iberian Pyrite Belt (IPB)**.
- Leading **EU producer of natural sodium sulphate, slate and celestite (strontium minerals)**; of the latter, **Spain is the** second largest producer in the world and the only one in Europe. **Spain** is the world's fifth-largest producer of **sand and gravel** (industrial), also fifth- largest produces of **magnesite** (3rd in Europe), sixth largest producer of **gypsum** (3rd largest exporter), and also world's sixth-largest producer of **fluorspar**.

Source: Geological and Mining Institute of Spain (IGME), 2012

- Mining and Mineral processing industry contributed **0.8 % of Spain's GDP (Banco de España 2012)**.
- Direct Employment: **35,000 people** in Spain. Skilled work and well – developed infrastructure.
- **Government support:** Transparent legislative framework and positive fiscal environment for the extraction of natural resources.
- **Long mining tradition and past success** in exploration and mine development.



5. Business opportunities: Natural Resources

SPAIN: STRUCTURE OF THE MINERAL INDUSTRY 2012 1/3

Commodity	Major operating companies and major equity owners	Location of main facilities	Annual capacity (Th. tons unless otherwise specified)
ALUMINA	Aluminio/Alúmina Española S,A, (AES) (Alcoa Inc., 100%)	Alumina plant at San Ciprian, Lugo	1,450
ALUMINUM	Alcoa Inespal S,A, (AISA) (Alcoa Inc., 100%)	Electrolytic plant at San Ciprian, Lugo	250
		Electrolytic plant at Aviles	93
		Electrolytic plant at La Coruña	87
CEMENT	Cementos Portland Valderribas	7 plants in Spain	15,000
	Lafarge SA (Lafarge España)	3 cement factories (Montcada i Reixac, Sagunto and Villaluenga de la Sagra), 1 cement grinding station (La Parrilla) and eight distribution points cement also has about 40 concrete manufacturing plants, between plants fixed and mobile; 2 central exclusive production of mortars and 6 aggregate holdings spread across the Autonomous Communities of Asturias, Catalonia, Madrid, Valencia and Castile-La Mancha.	46,000
COAL:			
ANTHRACITE	Antracitas Gaiztarro SA	Mines near Oviedo	2,000
	Antracitas del Bierzo SA	Mines near Leon	1,000
BITUMINOUS	Hulleras del Norte SA (HUNOSA)	Various mines , Asturias	3,300
	Hulleras Vasco Leonesa SA	Santa Lucia Mine, Leon	2,000
	Minas de Figaredo SA	Mines near Oviedo	1,000
	ENCASUR	Emma Mines , Ciudad Real	60

Source: Geological and Mining Institute of Spain (IGME)

SPAIN: STRUCTURE OF THE MINERAL INDUSTRY 2012 2/3

Commodity	Major operating companies and major equity owners	Location of main facilities	Annual capacity (Th. tons unless otherwise specified)
COPPER:			
METAL, CONTENT	Iberian Minerals Corp	Minas de Aguas Teñidas at Huelva (MATSA)	2,200
	Atlantic Copper S,A, (Freeport McMoRan Copper & Gold Inc,, 100%)	Refinery at Huelva	270
	Idem	Electrolytic refinery at Huelva	105
	Industrias Reunidas de Cobre	Smelter at Asua-Bilbao	30
	Elmet SL	Smelter and electrolytic refinery at Berango, Vizcaya	60
	First Quantum Minerals Ltd, 100% - Inmet Mining Corp,	Cobre Las Cruces - Open pit mines in Seville Andalusia	210
	Idem	Cathode electrowinning at Las Cruces in Seville	72
	Lundin Mining Corp,, 100%	Aguablanca Mine, Extremadura	7
DUNITE	Pasek España S,A,	Mines and plant at Landoy, A Coruña	1,500
FLUORSPAR	Minerales y Productos Derivados SA (MINERSA)	Plant at Torre, Asturias	150
		Underground mines at Emilio, Jaimina, and	420
		Moscona, Asturias	
GOLD	Orvana Minerals Corp, (Kinbauri Gold Corp.)	El Valle- Boinas Carles mines, Asturias	3,750 (kg)
MAGNESITE	Magnesitas Navarras SA	Mine at Eugui, plant at Zubiri	600
	Magnesitas de Rubián SA	Underground and Mine at Lugo,	70

SPAIN: STRUCTURE OF THE MINERAL INDUSTRY 2012 3/3

Commodity	Major operating companies and major equity owners	Location of main facilities	Annual capacity (Th. tons unless otherwise specified)
NICKEL, METAL, CONTENT	Lundin Mining Corp,, 100%	Aguablanca Mine at Badajoz near Seville	8
POTASH, ORE	Iberpotash S,A, (ICL Fertilizers Europe) - ICL Israel	Mines and plants at Suria near Barcelona	1,100
SEPIOLITE	Grupo Tolsa S,A,	Mine at Madrid and Toledo and plant at Madrid	1,000
	Sepiolsa (MINERSA)	Mine and plant at near Madrid	200
	MYTA (SA de Minería y Tecnología de Arcillas, del grupo SAMCA	Mine and plant in Zaragoza and Segovia	100
SODIUM SULFATE	Crimidesa SA	Mine and plant at Cerezo de Rio, Burgos	600
	Minera de Santa Marta SA (SANCA)	Burgos (underground) and Toledo (open pit)	400
	Sociedad Anónima Sulquiza (MINERSA)	Madrid	100
STEEL	Aceralia Corporación Siderúrgica (Arbed SA 35%)	Plants at Aviles, Gijon, Sagunto, and Sestao	8,000
	Compañía Española de Laminacion S,L, (Celsa), 100%	Plant at Barcelona	2,600
	Corporación Gerdau Sidenor S,A, (Sidenor) (Gerdau Group, 50%, and Santander Group, 50%)	Plant at Basauri	2,500
STRONTIUM	Solvay Minerales SA	Mines and plant at Escuzar, Granada	85
TUNGSTEN	Almonty Industries	Los Santos, Salamanca	125
ZINC, METAL, CONTENT	Asturiana de Zinc SA (Azsa) (Xstrata plc, 100%)	Electrolytic zinc plant at Asturias	500

Success stories



Canada's First Quantum Minerals Ltd interested in **Cobre Las Cruces copper mines.**

This mine is the largest open pit operation and process plant located in Southern Spain. The plant **is designed to produce** approximately 72,000 tones of copper cathode per year, shipped as final product.



In September 2009, Orvana Minerals Corp of Canada(OMC) acquired “El Valle – Boinas/Carles”

(EVBC) cooper and gold mine in northern Spain, through its acquisition of Kinbauri Gold Corp. The EVBC was previously mined from 1997 to 2006 by Rio Narcea Gold Mines. They produced nearly 1,000,000 ounces of gold and over 20,000 tones of copper prior to the closure of the mine. Production guidance for EVBC for 2013 is, 63,000 ounces of gold, 6,000,000 pounds of copper and 200,000 ounces of silver.



ICL (Israel Chemicals Ltd) announced the first stage of an efficiency plan for Iberpotash, which includes increasing

potash granulating capacity to meet increased demand for granulated potash, as well as construction of a plant at Suria to produce 1.5 Mt of vacuum salt for the food and chemical industries. Execution of this plan was expected to be completed in early 2014 at a cost of about 160 million euros. The second project, which had not yet been approved, would expand Suria's potash production capacity to produce 1.1 Mt of potash, of which 630,000 t would be granulated potash and 50,000 t would be technical potash.



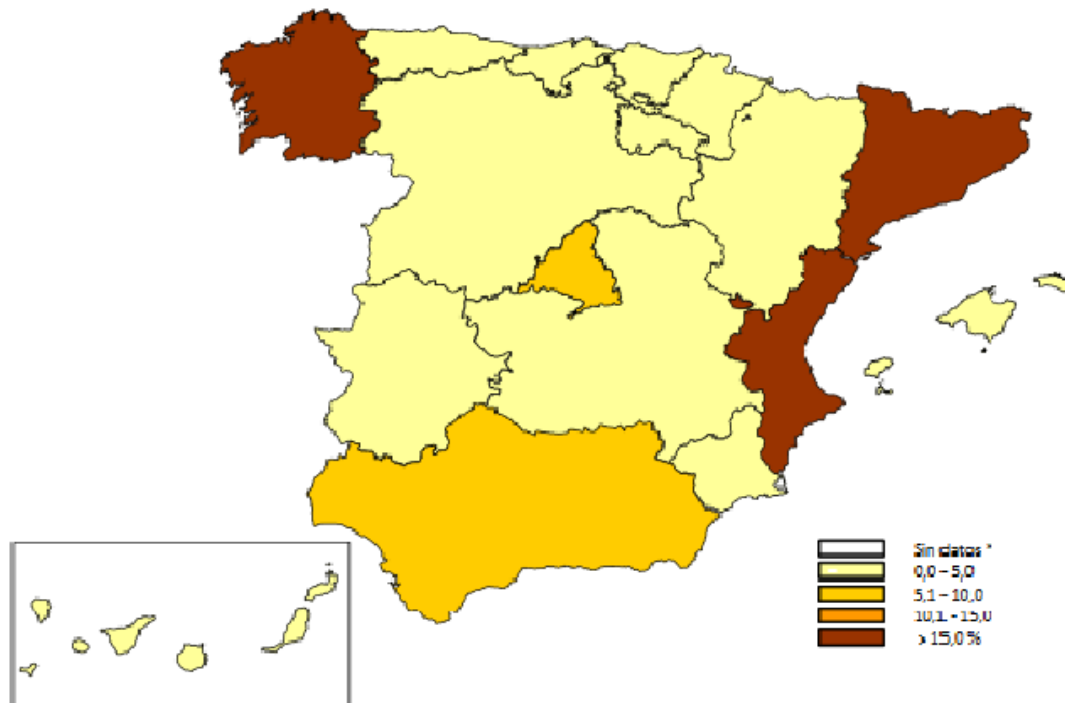
Investing in Textile & Clothing



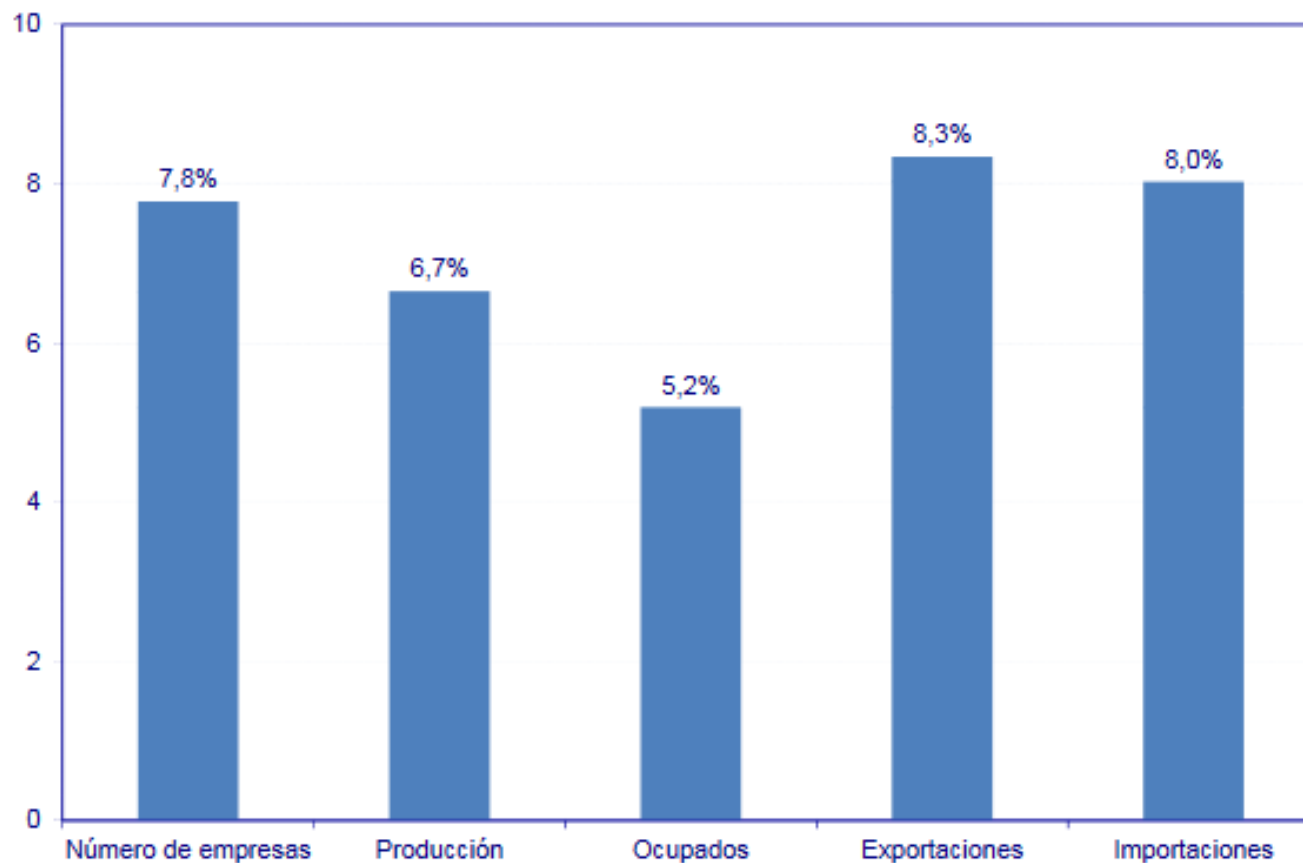
Textile and Clothing sector in figures in Spain

- Spain is one of the **top-3 producers** in T&C industry in the EU. Spain, Italy and France account for about three quarters of EU production of textile and clothing.
- There are more than **8,500 companies**, which are a major employment generator and provide jobs for 130,000 people in 2015, with an estimated turnover of € 10.1bn.

Main producer regions of textile and clothing in Spain

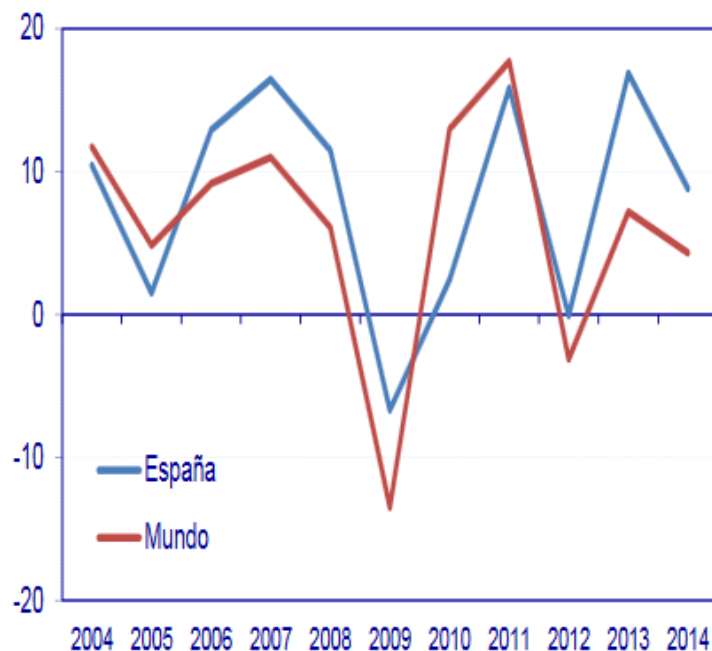


Textile and Clothing: Spain's weight in the European Union



Source: Eurostat

Exports of Textile and Clothing (% annual variation)



- Cuota de España en las exportaciones mundiales de Textil y Confección: 2,2%.
- 54% de la producción de productos textiles, prendas de vestir, cuero y calzado, se exporta.

Source: CHELEM database

Ranking de los 10 principales países destino de las exportaciones de España en el sector textil

MILES DE EUROS

País	2014
Francia	2.747.999,67
Italia	1.835.379,78
Portugal	1.611.707,80
Alemania	1.192.089,96
Reino Unido	954.942,13
Marruecos	891.848,79
Bélgica	487.686,29
Polonia	442.714,61
China	437.056,81
Turquía	417.844,26
Subtotal	11.019.370,10
TOTAL	17.210.195,02

Ranking de los 10 principales países de origen de las importaciones de España en el sector textil

MILES DE EUROS

País	2014
China	5.219.406,12
Italia	1.814.826,21
Turquía	1.646.713,32
Bangladesh	1.493.414,02
Portugal	1.435.099,62
Marruecos	1.425.010,52
India	996.657,86
Francia	934.681,21
Vietnam	889.475,98
Alemania	577.375,97
Subtotal	16.432.660,91
TOTAL	20.722.562,09

Spanish companies in T&C sector

The main Spanish companies and brands national in the sector are:

Massimo Dutti
ZARA



NECK & NECK

CARAMELO®



custo
BARCELONA

PRONOVIAS



CORTEFIEL

FELIPE VARELA

MANGO

hoss
INTROPIA

ADOLFO DOMINGUEZ

Foreign companies in T&C sector

Foreign companies and brands with presence in Spain are:



Success stories

- **Hennes & Mauritz** was set up in Spain in 2000. H & M, open the first store in Barcelona, Glories 6th of April, followed by two additional store openings in Zaragoza in the shopping centers of Grancasa, April 7, and Augusta, April 13. The fourth opening was in May month in Barcelona la Maquinista. In fall 2000 was open H&M in the center of Madrid and in Spring 2001 in Valencia.
- **H & M** expands its commitment to the 'e-commerce' the presence Store 'online' in Spain in autumn 2014.



«Estamos entusiasmados con la llegada de H&M 'online' a España este otoño, algo que nuestros clientes estaban esperando ansiosos, ya que es el complemento perfecto para nuestras 150 tiendas de España y la oportunidad de ofrecer a nuestros clientes la mejor experiencia de compra las 24 horas del día», ha asegurado Doris Klein, directora general de H&M para España y Portugal.

Source: ABC.es

Who is...

Invest in Spain is an executive Directorate of **ICEX Spain Trade and Investment**, a public company chaired by the Secretary of State for Trade of the **Ministry of Economy Industry and Competitiveness**.

Its **mission is to attract foreign direct investment (FDI)** to Spain. It has an exterior network of **more than 100** Economic and Commercial Offices of Spanish Embassies facilitating access to potential international investors.

Objectives & activities

- Promote, attract and consolidate **foreign direct investment in Spain**, with particular emphasis on new investment projects in the industrial, technological and services sectors.
- Facilitate **cooperation between international investors and Spanish companies** in order to increase and develop their activity in Spain.
- **Position Spain as a global platform for international business and investment** and as a global, competitive economy. Open to investment and with a wide and diversified business structure and network, human and technological resources which are very competitive for investment and access to EU, North African, Mediterranean, Middle Eastern and Latin American markets.
- **Improve the business climate** and increase Spain's attractiveness for foreign investment through proposals to improve the regulatory framework and make it easier for companies to invest and do business in Spain.

1. Information and Advice

- **Personalized services.** Customized reports on client needs:
- **Specialized consulting** in legal and technical terms through associated companies.
- Advice on all stages of the investment process:
 - Information on **incentives and subsidies** for investment projects, on an European, national, regional and local level.
 - Establishment of companies, **industry regulations**, labour and tax regulations, industrial and intellectual property, administrative processes, advice on the most appropriate way of obtaining work and residence permits.
 - Information **on business opportunities** and privatization processes in Spain.

2. Support and Management of FDI projects

- **Personalized support** for foreign companies in Spain:
 - Identification of **strategic and technological partners** for each project.
 - Organization and coordination of **agendas, meetings** and investor visits to the best positioned institutions and partners in Spain.
 - Looking for the **best location** in Spain for each project, working in coordination with regional and local agencies to achieve the best service and ideal location for our clients.
- **Network of investment attraction agencies:** a meeting point for all official institutions which either on a state, regional or local level are dedicated to promoting and attracting investment

3. Financing and investor relations

- **Investor Network**, a service which aims to put the Spanish and international capital markets in touch with selected investment opportunities. (These projects must take place in Spain and have a high growth potential)
- Looking for **financial partners** and **managing joint ventures between foreign investors and Spanish companies**.
- Support in finding **incentives and financing**, both public and private, for the establishment, development and expansion of companies in Spain.
- IiS manages the **Technological Fund**, a European program created to promote R+D+i in Spain. Non-repayable aid for foreign companies.
- Information for foreign investors on privatization processes in Spain.

4. Business and development climate

- IiS promotes improved relations between companies and **foreign chambers** of commerce and Governments, in order to improve comprehension of their interests and needs.
- **Proposals** for legislative and administrative reform which improve the business environment.
- Business climate **evaluation studies** by means of individual interviews and opinion groups comprised of foreign companies established in Spain.
- *For further information you can follow our Newsletter, guides and publications on topics of interest to investors.*

Services of special interest: Immigration Department

Provides advice on the most appropriate way (quickest and least bureaucratic) to obtain the permits for highly qualified employees, technical staff, scientists, families, ...

- Advice on how to **open a branch**, create or acquire a company ...
- Assessment for transactions that involve **immigration issues** for foreigners without residence in Spain
- Act as the **institutional contact** for companies vis-à-vis all Spanish bodies with powers, such as the Spanish Embassy and Consulates, Ministry of Employment, Home Office and Regional Immigration Offices

Services of special interest: Investment Program in R&D Activities

- Since 2007 ICEX-Invest in Spain has managed European Regional Development Funds (ERDF) with the objective of attracting **research and development activities** from foreign-owned capital companies to Spain
- For the period 2014-2020 ICEX-Invest in Spain will manage €14 million budget for projects allocated in Extremadura, Andalucía, Castilla la Mancha, Canarias, Murcia, C. Valenciana or Galicia
- Investment in facilities, equipment, human resources and technology could be supported up **to €200,000 per company** in competitive tenders.
- Since 2007 Invest in Spain has supported 127 projects in high value-added sectors such as Biotechnology, IT, Renewable energies and Environment

General Information on companies included in this Report

- The Information on Spanish and foreign companies included in this Report has been obtained from public sources, among others, including their web sites, media news, Stock Exchange information and others. ICEX-Invest in Spain does not assume any responsibility on it.
- The inclusion of this companies in this Report is for information purposes only, and does not preclude the position of this Companies in relation to potential investors either its intention or strategy.

Investment & Business Opportunities in selected Spanish Companies

- The information provided in this section on the by ICEX-Invest in Spain is a summary based on different sources: the company, website, databases, etc. This is not a bidding information and ICEX-Invest in Spain does not assume any responsibility for the information provided.
- The potential investor should carry out its own due diligence completing and updating the information directly with each company.
- ICEX-Invest in Spain acts as facilitator, promoting the dissemination of information about business and investment opportunities in Spain among potential investors. ICEX-Invest in Spain also facilitates the direct contact between potential investors and Spanish companies or asset managers. ICEX-Invest in Spain does not take part in the negotiations between the parties, without precluding the possibility of advising them if requested.

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