

investincastillayleon.com

CASTILLA Y LEÓN

A SURE BET FOR BUSINESS

competitividad
empresarial



2

PRESENTATION: WHY CASTILLA Y LEON?

4

INFRASTRUCTURES

6

ECONOMY

8

SECTORS AND INDUSTRIAL FABRIC

13

HUMAN CAPITAL

15

INDUSTRIAL LAND

16

FINANCING AND AID

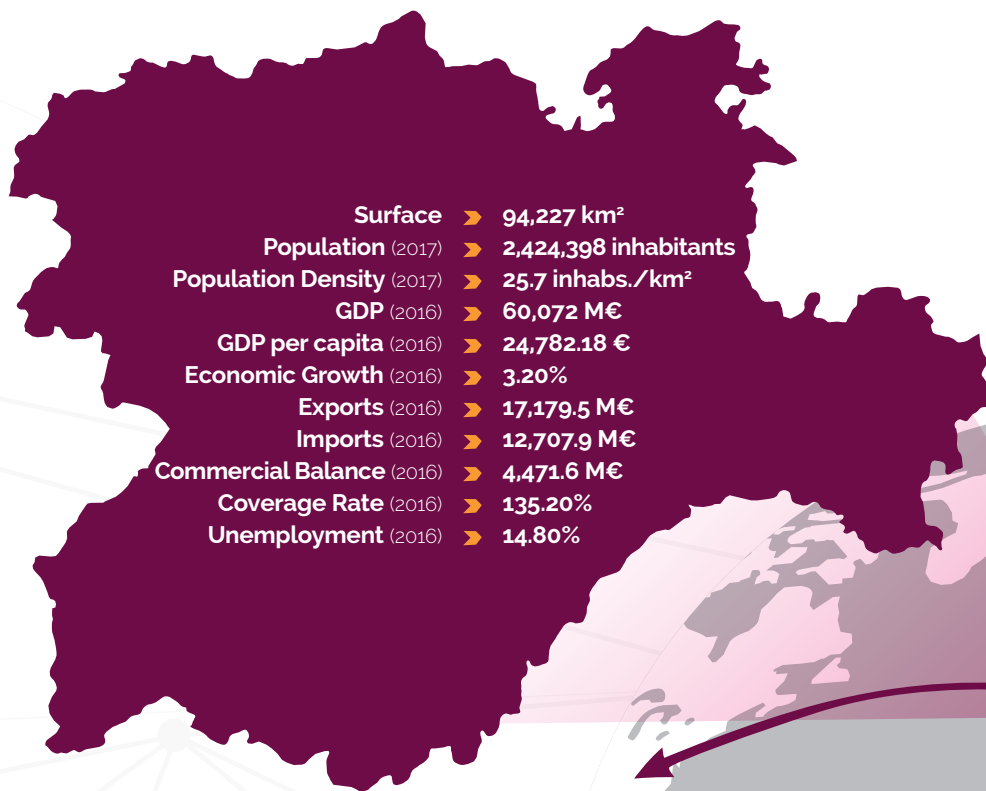
17

COMPANY CREATION

18

INSTITUTIONAL SUPPORT

WHY CASTILLA Y LEON?



2

STRATEGIC GEOGRAPHICAL SITUATION

PRIVILEGED QUALITY OF LIFE

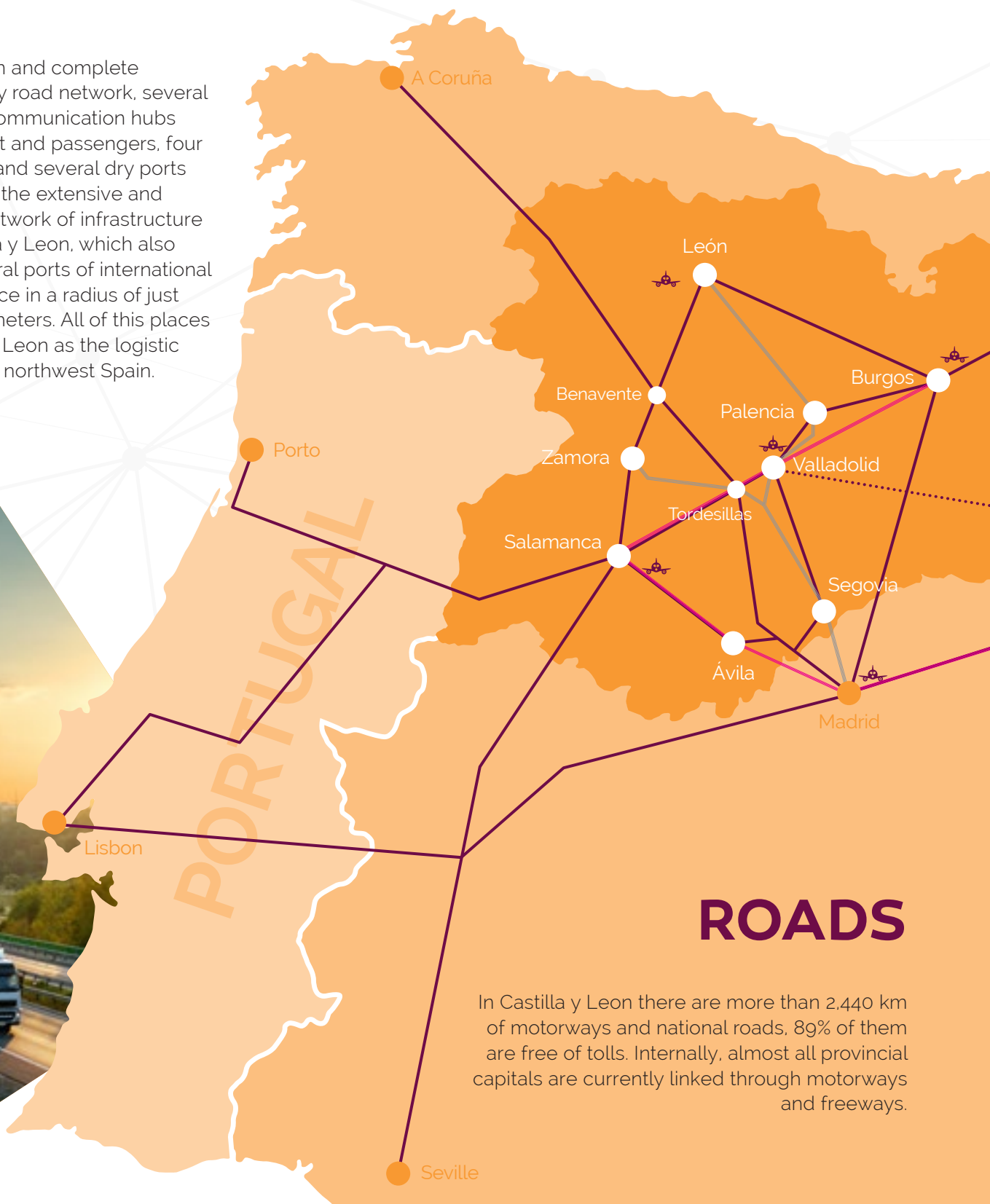
- 50% of the Spanish historical and artistic heritage is located in Castilla y Leon.
- 25% of the territory of Castilla y Leon is a natural area.
- There are 10 Biosphere reserves and eight enclaves declared World Heritage Sites by UNESCO, such as El Camino de Santiago, the Burgos Cathedral, the deposits at Sierra de Atapuerca, the natural monument at Las Médulas in León, the cities of Ávila, Salamanca, and Segovia and the archaeological sites of Siega Verde (Salamanca).
- The Castilla y Leon gastronomy has around 65 quality figures including Denominations of Origin, Protected Geographical Indications, Guarantee Marks and Quality Wines.
- The citizen safety index indicates it is in the highest positions in Spanish rankings, which in turn is among the highest in Europe.

STABILITY AND FAVOURABLE BUSINESS CLIMATE

- In Castilla y Leon, political, economic and social stability is a proven fact, with continuous and realistic economic policies, a broad social commitment at all levels, and with guarantees to protect investments.
- Castilla y Leon offers an ideal environment for companies and their investment projects, providing security and stability for a project over all of its phases.
- Labour conflict in Castilla y Leon is one of the lowest in Spain, which, together with its high productivity index, creates an ideal business climate.

INFRASTRUCTURES

A modern and complete motorway road network, several railway communication hubs for freight and passengers, four airports, and several dry ports make up the extensive and varied network of infrastructure in Castilla y Leon, which also has several ports of international importance in a radius of just 400 kilometers. All of this places Castilla y Leon as the logistic centre of northwest Spain.



ROADS

In Castilla y Leon there are more than 2,440 km of motorways and national roads, 89% of them are free of tolls. Internally, almost all provincial capitals are currently linked through motorways and freeways.

FRANCE

TRAIN

Castilla y Leon has a rail network that crosses the region with a total length of more than 3,000 km, where most of the rail transit of the northern half of Spain takes place.

- Motorways / Highways
- Railways
- High Speed Train

AIRPORTS

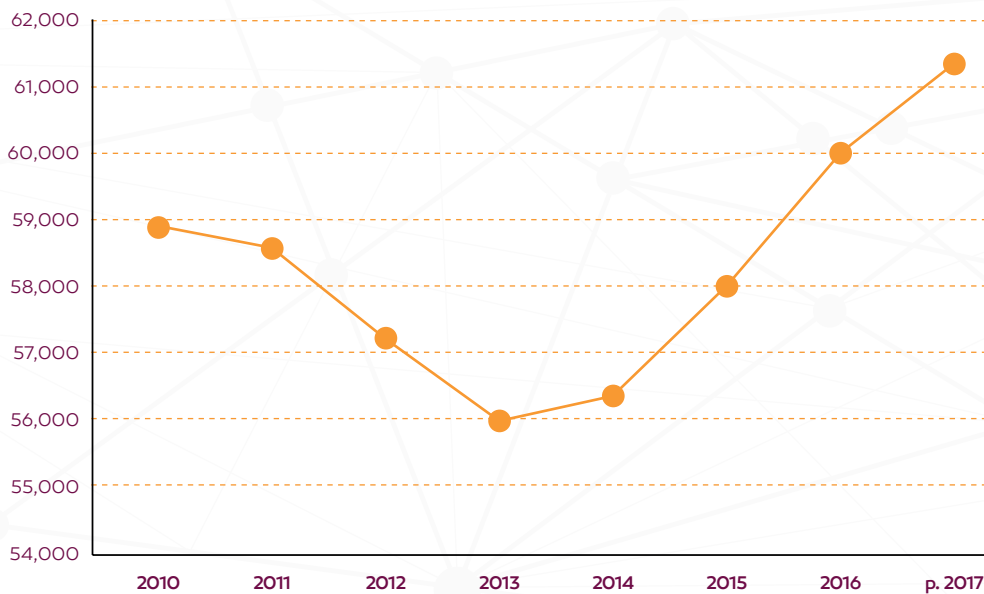
Castilla y Leon has 4 airports (Valladolid, Salamanca, León, and Burgos), which offer all the necessary air communication services to companies located in Castilla y Leon, both for merchandise and passengers. All of them are at a maximum distance of 15 kilometers from the city, assuring comfortable and fast access.

Through the network of airports, regular flights to various national destinations are offered, and, through Barcelona, they are connected to a multitude of international destinations. The Adolfo Suárez-Barajas International Airport (Madrid), the busiest in Spain, is 55 minutes from the center of the region.

ECONOMY

The regional economy is highly industrialized and modernized, with a GDP that exceeded €60,000 million in 2016. In recent years, the GDP of Castilla y Leon has grown at a faster pace than the European average. This greater economic dynamism has raised the standard of living of its population, so that at present Castilla y Leon has a GDP per capita similar to the average. As a result of this evolution, in recent years there has been a solid and continuous increase in the industrial fabric in Castilla y Leon, which has led to over 173,000 companies operating in the region.

CASTILLA Y LEON GDP



SOURCE: Junta de Castilla y Leon Statistics (2017)

On the other hand, its open and enterprising character makes Castilla y Leon a highly internationalized region, with a structural surplus in the trade balance, and exports that make up a quarter of its GDP. In addition, these aspects are very diversified since they coexist with many international markets, such as the traditional EU markets, as well as others like those of Latin American countries, whose ties with Castilla y Leon go back several centuries, or those of North Africa, as access from our region is very easy.

The international activity of the business sector in the region has followed an upward path in recent years, as reflected by the continued growth of exports from Castilla y Leon. This growing internationalization of the Castilla y Leon economy has led to an increase in its rate of openness, which is combined with an export coverage rate much higher than the Spanish average.

FOREIGN INVESTMENT

RANKING	COUNTRY	2016
1	US	391,104
2	United Kingdom	253,826
3	Hong Kong, China	241,826
4	The Netherlands	91,956
5	Singapore	61,597
6	Brazil	58,680
7	Australia	48,190
8	India	44,486
9	Russian Federation	37,668
10	Canada	33,721
11	Belgium	33,103
12	Italy	28,955
13	France	28,352
14	Mexico	26,739
15	Ireland	22,304
16	Sweden	19,584
17	Spain	18,659
18	Angola	14,364
19	Colombia	13,593
20	Vietnam	12,600

Million €

Castilla y Leon accepts and participates in changes in the economic environment thanks to its entrepreneurial and open vision and its advanced economic structure, creating a perfect space for investments with a vocation for growth and consolidation. All this is reflected on the international level through the ranking of the 20 global economies with the highest received foreign investment, according to the United Nations "World Investment Report 2017".

SECTORS AND INDUSTRIAL FABRIC

1 AGRO-FOOD

The agro-food sector has important specific weight in Castilla y Leon and places the region in third position at the national level, both in the number of companies and in turnover, over €10 billion, which is about 10% of the national total and confirms the role of Castilla y Leon as a great power of the agro-food industry: the agro-food sector in Castilla y Leon represents more than 30% of the regional industrial sector, of which we can highlight the meat, dairy and animal feed industries.

The high degree of specialization and the high growth rates registered over the last few years have helped strengthen the sector. Castilla y Leon is recognized among the wine, dairy, meat, horticultural and other food industries, and boasts around 65 quality figures including Denominations of Origin, Protected Geographical Indications, Guarantee Marks, and Quality Wines, which shows the vocation for excellence in its agricultural productions.

More than 3,000 companies make up this industry in the region, whose historical trajectory has made them international examples, widely known in the main global markets. The big world corporations of the sector are present in Castilla y Leon, along with highly specialized local companies that focus on innovation and market adaptation, creating a powerful value chain that makes the region a perfect enclave for investments in the agro-food sector.

8 COMPANIES: CAMPOFRÍO, GRUPO SIRO, GULLÓN, ENTREPINARES, GRUPO HELIOS, SEDA OUTSPAN, GRUPO IBERSNACKS, PROSOL, GRUPO MARS, GRUPO PASCUAL, KRAFT, NESTLÉ, NUTRECO, PEPSICO





2 AUTOMOTIVE AND AERONAUTICAL

Castilla y Leon is one of the most important European regions in the automotive sector and the most important Spanish region in vehicle manufacturing. More than 20% of the national capacity for vehicle manufacturing is found in Castilla y Leon, with some of the most productive automobile plants on the national and European level. The automotive sector accounts for around 20% of regional GDP and more than 60% of the region's exports, divided between the four existing automobile manufacturing plants in Castilla y Leon: RENAULT (Valladolid and Palencia), FIAT-IVECO GROUP (Valladolid) and NISSAN (Ávila); as well as a RENAULT engine factory (Valladolid).

Castilla y Leon also has several automotive supplier parks that encompass the world's leading companies in the sector at various TIER levels, which is why there are more than 130 companies linked to the automotive sector in the region that generate approximately 40.000 direct jobs and about 60.000 indirect ones.

The whole of this sector in the region is characterized by the integration of high levels of innovation and technological development in its production processes. Companies in the sector in Castilla y Leon have a high degree of automation, using cutting-edge technologies and sophisticated quality control systems, as well as a well-established policy on internal R & D activities.

Additionally, the great experience accumulated by the automotive sector and by companies in the sector, as well as new companies from abroad, have provided a solid base for the aeronautical sector. In accordance with the growing trend of the aerospace market in the use of composite materials, a large number of these companies are firmly committed to investing in research, development, and innovation in the technology of the complex structures of new materials, and in the application of these structural components in the aeronautical industry.

In addition, Castilla y Leon has positioned itself among the most relevant Spanish regions in the aerospace sector and has several initiatives in engineering and satellite mission analysis, development of ground segment systems, remote sensing, simulation and development of space technologies applied to positioning and positioning systems, satellite navigation and telecommunications.

All these factors make Castilla y Leon a key nucleus for the most important and prestigious companies in these sectors.

COMPANIES: RENAULT, GRUPO ANTOLÍN, NISSAN, MICHELIN, IVECO, BENTELER, BRIDGESTONE, JOHNSON CONTROLS, GESTAMP, FICO MIRRORS, HUF, MUBEA, ACITURRI, INMAPA, ETC.

3 CHEMICAL-PHARMACEUTICAL

The Chemical-Pharmaceutical sector represents one of the most dynamic activities within Castilla y Leon, a region consolidated as one of the first in this field. There are around 200 companies in the sector, which employs more than 5,000 people in Castilla y Leon.

Castilla y Leon has excellent infrastructure to support innovation that provides the material and human resources necessary to carry out R & D, transfer, and technology projects, and tests or measures in the chemical sector, largely due to the long and important trajectory of the sector in the region.

This trajectory, along with the existence of a wide and deep network of suppliers and customers, has led to the creation of a powerful and innovative sector, which is a leader in many products and market segments and which has favored the installation in Castilla y Leon of large and recognized multinationals.

COMPANIES: **GLAXOSMITHKLINE, MSD, ADISSEO, AMRI, L'OREAL, PPG, CHEMO, SYVA Y ANTIBIÓTICOS, ETC.**

4 ENERGY

Castilla y Leon is the Spanish region that produces the most energy, 12% of the total national energy, and compared to the energy consumed internally, Castilla y Leon accounts for only 5% of the national total, which favours the external marketing of its energy production to other Spanish regions, as well as to international markets. In general terms, the sector has 843 companies, 250 of which operate in the renewable energy subsector, with total sector employment at 10,000 people. Thus, the sector contributes almost 5% to regional GDP (1.17% is renewable energy).

There is remarkable energy diversification and a clear regional commitment to the development of renewable energy types, occupying the first positions in the implementation and generation of wind, hydraulic and solar energy on the national level, thanks to the resources that the region possesses. In electrical terms, the generation of electricity from renewable energy in Castilla y Leon averages 135% of its electricity consumption.

10 Particularly, in terms of installed power, Castilla y Leon has more than 13% of the national total. Reaching almost 25% of the total national wind energy and a similar percentage of total hydraulic-origin power in Spain.

In terms of generation, Castilla y Leon is the Spanish region that produces the most wind and hydroelectric energy, generating close to 30% of the total national hydraulic energy and 23% of the wind energy; and is fifth in terms of photovoltaic energy. This data is a faithful reflection of the important weight that the Castilla y Leon region has in the generation of electricity in Spain from renewable energies.

The Castilla y Leon energy sector has the institutional commitment needed for its development and dynamization through policies that promote the growth and consolidation of its industrial fabric, encouraging the use of renewable energy in all productive sectors of the region with the aim of increasing the competitiveness of companies in Castilla y Leon. This leads to an important niche of opportunities for all companies with activities closely related to energy.

COMPANIES: **ENUSA, EDP, LM WIND POWER, GAS NATURAL, GAMESA, VESTAS, ETC.**



5 OTHER FEATURES SECTORS

Within the diverse regional economic structure, other sectors are noteworthy for their modernity and strength, such as **ICTs**, which is a key sector for the region's economy due to its great qualitative relevance as a driving force for the entire productive fabric. Currently there are approximately 2,500 companies in the sector in Castilla y Leon, which generate more than 15,000 jobs.

There is a regional commitment to new technology and to having a business network linked to the **security sector**, covering a broad spectrum of economic activities: comprehensive security, hardware and software, surveillance equipment, etc. The National Cybersecurity Institute of Spain (INCIBE), based in León, is the reference organization for the development of cybersecurity and the digital trust of citizens, the Spanish academic and research network (RedIRIS), and for businesses, especially for strategic sectors.

The privileged location of Castilla y Leon, together with the breadth and modernity of its infrastructure network, has allowed for the creation and consolidation of a broad and varied **logistics sector**. More than 40,000 companies in the region are engaged in transport in Castilla y Leon, representing 8% of the national total.

Also noteworthy is the **tourism sector**, which in Castilla y Leon has become one of the key economic activities, due to the increase in national and foreign visitors and the varied tourism opportunities it offers. The set of activities that make up this sector has demonstrated a great capacity to generate employment and wealth in the region, making it the first destination in Spain both in inland tourism, in which it is a recognized international power, and in rural tourism thanks to its historical, cultural, and natural patrimonial wealth.

The natural wealth of Castilla y Leon is, in turn, an economic sector in itself, whose possibilities are unlimited and varied. They are economic activities derived from the **use of natural resources** that are very abundant in the region and have a high traditional component, such as mining, forestry, wood and natural stone. Precisely that long tradition in the work of these resources has formed a leading and innovative sector in branches of business linked to forest resources (pine nut, mycology, resins, etc.) or natural stone, whose clearest example is the slate produced in León and whose qualities are among the highest in the world. Wood, on the other hand, is another key activity due to the abundance of raw materials and the renowned industry that emerged from it: the largest forest mass in Spain (100,000 hectares spread over 35 municipalities) is the *Tierra de Pinares* area, whilst *Pinar de Covaleda*, in Soria, is the largest pine forest in Europe.

EMPRESAS: **GRUPO EUROPAC** (ENVASE Y EMBALAJE), **BA VIDRIO** (VIDRIO), **ONTEX** (PRODUCTOS SANITARIOS), **SKRETTING** (ALIMENTACIÓN ANIMAL), **PHILIPS, TVITEC** (VIDRIO), **VERESCENCE** (VIDRIO), **HIPERBARIC** (MAQUINARIA), **KRONOSPAN** (MADERA), **ALUCOIL** (METALURGIA), **NICOLÁS CORREA** (MAQUINARIA).



SOME COMPANIES LOCATED IN THE REGION



HUMAN CAPITAL



EDUCATION AVAILABILITY

- Castilla y Leon traditionally obtains the best results in Spain in the **PISA report** (Program for International Student Assessment) and ranks among the best educational systems in the world.
- It has more than 800 centres that provide education at all levels in the compulsory education segment to over 240,000 students, offering a section of bilingual learning in more than 500 schools.
- More than 200 centres offer practical Vocational Training that is in accordance with business needs for around 40,000 students, favouring their professionalization and access to the labour market.
- Castilla y Leon is the Spanish region -and one of the European regions- with the highest university population index among its youth (more than 80,000 students in 9 universities). Some of them, like Salamanca and Valladolid, are internationally famous as two of the oldest universities in Europe.

Universities in Castilla y Leon:

4 public universities

- University of León (UNILEON) (www.unileon.es)
- University of Valladolid (UVA) (www.uva.es)
- University of Salamanca (USAL) (www.usal.es)
- University of Burgos (UBU) (www.ubu.es)

5 private universities

- Catholic University of Ávila (UCAV) (www.ucavila.es)
- IE University (www.ie.edu/universidad)
- Pontifical University of Salamanca (UPSA) (www.upsa.es)
- Miguel de Cervantes European University (UEMC) (www.uemc.es)
- Isabel I University (www.ui1.es)

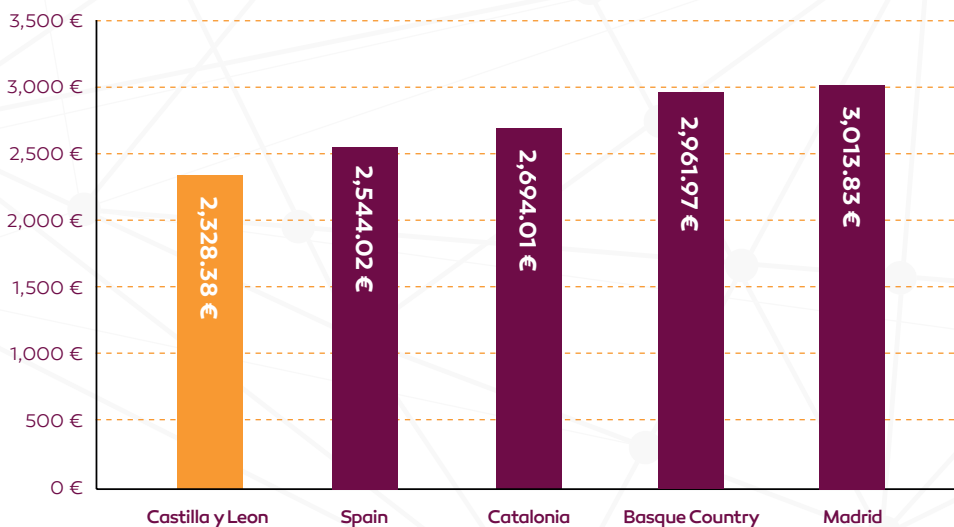


RESEARCH

- Around 6,150 researchers work in all the public Universities of Castilla y Leon, thus having a positive impact on the regional business fabric, which has a huge talent pool at its disposal.
- Castilla y Leon has a network of 5 technology centres to service companies that help boost investment in new technology and R & D projects.
- There are 9 Research Centres in the region in new technology, robotics, medicine, etc.
- To guarantee an efficient process of knowledge and technology transfer from universities to companies, a network of entrepreneurship and regional innovation has been created in which more than 100 public and private agents participate.

HUMAN CAPITAL

The region is endowed with a highly qualified and competitive human capital. Absenteeism figures are significantly lower than in the rest of the country.



GROSS LABOUR COST PER EMPLOYEE AND MONTH (2016)

SOURCE: Instituto Nacional de Estadística

14

The region also has permanent labour peace and great stability, fostered by the Regional Government, Employers, and Trade Unions. All this creates a working environment that endorses and supports investment due to the stability, commitment, and professionalism found here, this being one of the elements most valued by companies that have set up in the region.

Availability of workmanship

The Regional Government, through the Public Employment Service (**ECYL**), offers support to companies for the selection and recruitment of personnel, as well as non-refundable aid for the hiring and training of personnel in companies. Additionally, through the Universities and Vocational Training centres, several internship programs are available for students and recent graduates, which can be considered as tools for training future employees as well as effective selection for companies.

INDUSTRIAL LAND

The large size of the region, together with its orderly distribution of industrial enclaves and its entrepreneurial spirit, provides a wide range of industrial land supply at a very competitive price and under extremely advantageous marketing conditions, which is a key and differentiating factor, which at the same time ensures an ideal location. These areas are fully equipped with the latest technology, offer simple and comfortable access and are always in or close to the main logistics arteries of the country.

Additionally, there are several Technology Industrial Estates promoted by the Castilla y Leon Regional Government, which offer suitable headquarter venues for companies with high technological content as well as promoting collaboration and the generation of synergy between the University, industry and research with the fundamental objective of encouraging the creation of new companies, and working with existing ones, on projects that increase their added value and their technological processes.

In total, in Castilla y Leon there are almost 150 million industrial square meters distributed between 358 industrial estates. Of these, the Regional Government of Castilla y Leon has developed a total of 40 million square meters, making a total of 82 industrial and technological zones available to potential investors.

On the website www.investincastillayleon.com we provide full responses to industrial land needs for your project.



FINANCING AND AID

FINANCIAL LAUNCHER

Within the financing options available for the projects of the region, a novel public-private collaboration instrument has been set up that aims to promote viable business projects in Castilla y Leon through an agile comprehensive advisory procedure and technical and financial support with the ultimate goal of maintaining and generating employment. The Castilla y Leon Financial Launcher was created to order each and every one of the available financial instruments and create new financial products that adapt to the needs of investment projects.

Within the Financial Launcher you will find a diverse range of grants and public and private financing, through guarantees, loans, participative loans, venture capital or seed capital, among other tools. These financial instruments are managed through various bodies such as Iberaval, Sodical Instituto Financiero and a set of 17 financial entities linked to the Launcher.

The flexibility and agility of the Launcher makes it possible to host both new projects and expansions, modernizations, or refinancing or restructuring operations, provided they are carried out on the region's land.

16

AID

The regional government offers a wide range of aid to companies that have investment projects, but also to those already implemented and that have expansion, consolidation, R & D, etc. projects. In addition, these grants are complemented by a full range of incentives that aim to meet the needs of companies and meet the current challenges in terms of competitiveness, development in R & D, and internationalization, thus improving its framework for action.

In this sense, the available aid lines are aimed at covering all the needs of the project in any of its phases (pre-investment, investment, and post-investment), minimizing bureaucracy and facilitating the work and comfort of the investor. In a transversal way, there is also aid available for hiring, training, international expansion, etc.



LEGAL AND TAXATION FRAMEWORK

Creating a company in Castilla y Leon is a simple, optimal, and agile process thanks to the services that offer support to the investment project, which involves integral help to develop the business idea, business plan, positioning of locations, human resources, supplies, and support for administration formalities.

WAYS OF ESTABLISHMENT IN CASTILLA Y LEON

There are multiple ways to set up a business in Castilla y Leon, so that there is always a legal body suitable to cover the requirements of the project: Large Limited Company (S.A.), Small Limited Company (S.L.), Branch Office, Representation Office, etc. In any case, our experts can advise you on the most suitable, agile, and comfortable formula for your project.

TAXATION SYSTEM

The Spanish tax system is modern and competitive. The fiscal pressure in Spain (measured as the percentage of taxes and social security on GDP) is around seven points below that of the countries of the European Union (EU-28), which favours its competitiveness and attractiveness for Companies that wish to operate in Europe.

The main direct taxes applicable in Spain are Corporation Tax (IS), Personal Income Tax (IRPF) and Non-Resident Income Tax (IRNR).

The most important indirect taxes applicable in Spain are Value Added Tax (VAT) and Tax on Patrimonial Transfers and Legal Documents (ITP and AJD).

There are also interesting tax deductions for activities and investments in R & D of companies. Companies with headquarters in Spain have deductions and exemptions to avoid double taxation on dividends and capital gains earned through subsidiaries or permanent establishments in Spain or abroad. Workers sent to Spain can choose taxation in the general system or on the income of non-residents during the first 6 years, set at 24%. Spain has signed multiple Double Taxation Agreements that improve the percentages of the taxes to be applied, positioning Spain as a safe bet for investments.



INSTITUTIONAL SUPPORT

The Institute for Business Competitiveness in Castilla y Leon (ICE) is the instrument of the Castilla y Leon Regional Government for business development and business services. It is part of the Regional Ministry of Finance and Economics and works mainly in 3 areas: Innovation, Financing, and Internationalization.

Through this organization, investors and their projects are offered a wide variety of services aimed at facilitating investment and its maintenance, so as to simplify procedures and save time and money, supporting all investment projects in an agile and personalized way, regardless of the amount or sector. All these support services - managed by an expert assigned to the project - are free and offered with the utmost professionalism and diligence, and cover all phases of the investment process.

BEFORE THE INVESTMENT

- Find the optimal location, taking into account the particularities of the project and its requirements.
- Find the most advantageous financing routes for the project.
- Locate the aid available for each phase of the investment.
- Facilitate access to sector associations and clusters.
- Intermediate and act as interlocutors with public and private organizations involved in the implementation process.
- Solve any specific doubts and provide the necessary information on the project.
- Carry out any necessary management for the successful completion of the investment.



DURING THE INVESTMENT

- Streamline procedures and permits required for the activity.
- Apply for grants and funding requests and track their status.
- Manage the rental of the chosen spaces, as long as they are owned by the government of Castilla y Leon.
- Contact the appropriate agents for the selection of personnel.
- Contact the necessary suppliers at this stage.
- Any other management that the project requires and in which the regional government is competent.

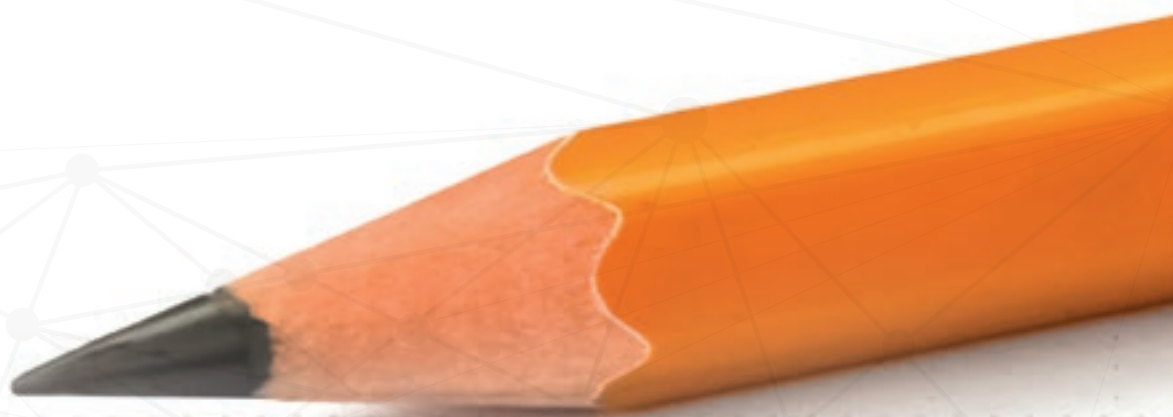
AFTER THE INVESTMENT

- Obtain information on new aid and lines of financing that best suit your activity and profile.
- Enter the Companies Programme, which involves the detection of business opportunities from its own genesis.
- Offer advice on matters such as internationalization or commercialization.
- Locate advantages in terms of logistics and supply.
- Offer a technician for intermediation with public agencies.

All this work is carried out through the Investment Area, part of the Internationalization Department and whose mission is the detection of new investment projects as well as their management once they have been established, thus offering permanent aftercare services. Additionally, through the Companies Programme, permanent contact is maintained with the leading companies in their sectors, favouring business opportunities and business development in Castilla y Leon. All these tasks are carried out by a full team of qualified and specialized professionals, with extensive experience in the field and a great ability to offer solutions.

Investor assistance is channeled not only through central regional services, but also through a network of professionals abroad, which in turn allows for closer geographic support by offering information and advice to the investor in their place of origin.

*Invest in Castilla y León:
A sure bet for Business*







Instituto para la Competitividad Empresarial de Castilla y León (ICE)

C/ Jacinto Benavente, 2
Arroyo de la Encomienda • 47195 Valladolid • SPAIN

Website: www.investincastillayleon.com
E-mail: inversiones.ade@jcyl.es

