



REGION OF MURCIA



TABLE OF CONTENTS



INTRODUCTION

Region of Murcia.....	1
Maps.....	2
Highlights.....	3



ECONOMY

Summary.....	4
Regional Sectors.....	5
Sectors:	
Tourism.....	7
Agrofood.....	9
Auxiliary Industries.....	11
Aquaculture.....	13
Plastics and Rubber	15
Logistics.....	17
Energy.....	19
Water Supply and Management.....	21
Chemistry and Pharmaceutical.....	23
ICT.....	25
Imports/Exports.....	27
Comparative Data.....	28



INFRASTRUCTURES

Summary.....	29
Transportation.....	30
High-speed train.....	31
Airports	32
Ports.....	33
Highways.....	34



WORKFORCE

Summary.....	35
Universities Map.....	36
Facts and Highlights.....	37



QUALITY OF LIFE

Summary.....	38
Graphs.....	39
Benefit Comparative Chart.....	40



INVEST IN MURCIA

UNAI Bureaucratic Simplification.....	41
Services Offered by Invest In Murcia.....	42
Foreign Investors in Spain.....	43
Investing Companies.....	44
Benefits of Setting up in Murcia.....	45
10 Reasons to Invest In Murcia.....	46



CONTACT

INFO.....	47
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INTRODUCTION

MURCIA

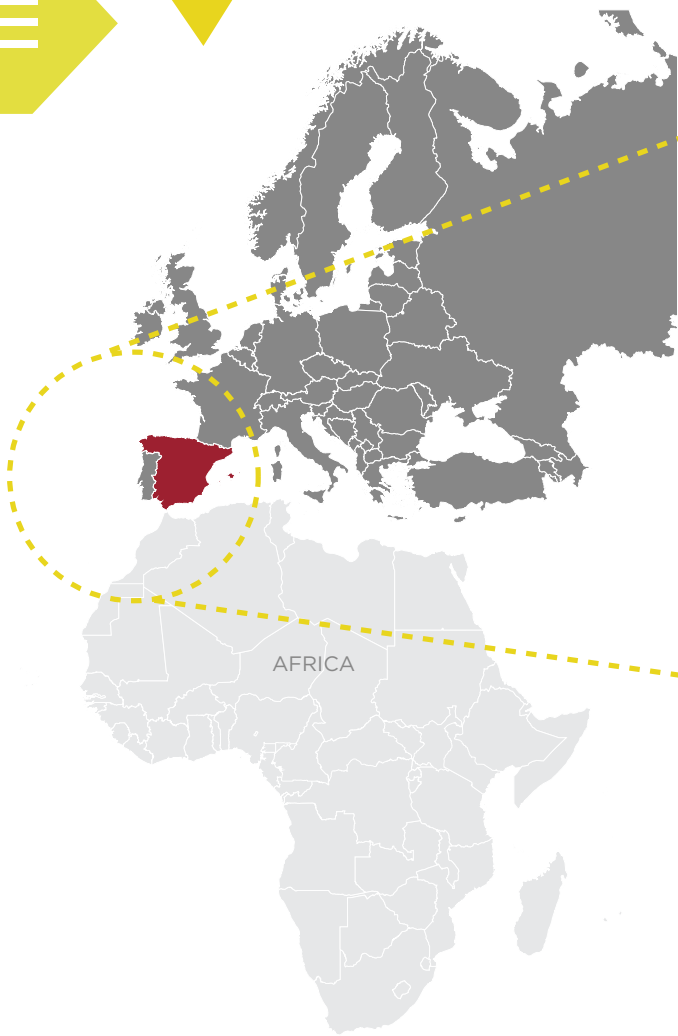
Murcia is a small, single-province region located on the Southeast of Spain, in the heart of the Mediterranean coast. The Region of Murcia, with a solid business network in **both traditional and emergent industries**, is well prepared for the increasingly globalized and competitive economy of the 21st century. In addition to its over **300 days of sunny weather** per year, beautiful landscapes and delicious Mediterranean cuisine, the region is known for having a very competitive cost of living compared to national and European averages.

The Region of Murcia has a population of 1,470,069 inhabitants, of which almost a third (30.7%) live in the municipality of Murcia. Despite its famous seaside resorts, the region is not amongst the most known even within Spain, so it continues to be relatively unspoilt compared to other more overcrowded areas of the Spanish Mediterranean coast. Nevertheless, its average 21° C temperature, 250+ km of beaches, monuments and mountains have attracted tourists for decades.

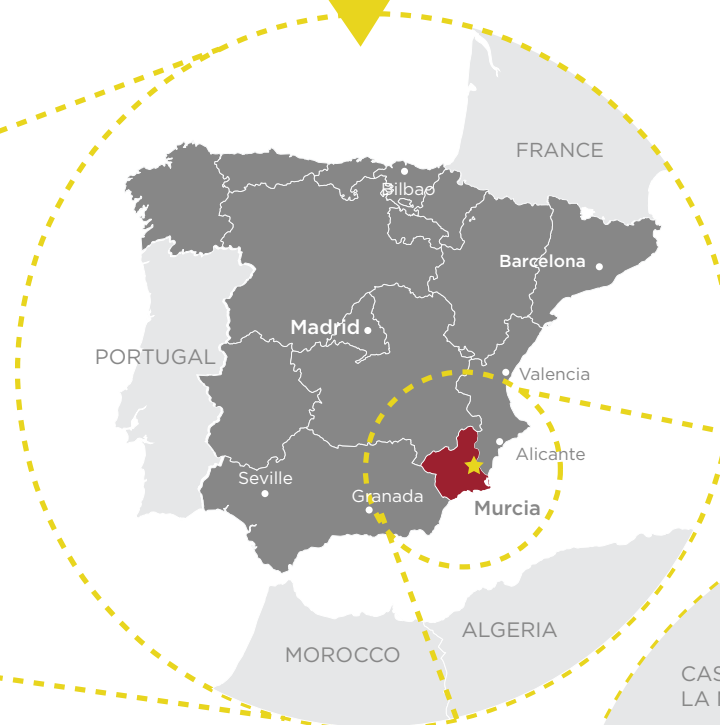
Murcia is one of the Spanish Regions that has grown the most in the last years, becoming an ideal destination for services, shopping and the organization of cultural events and conventions.

Murcia, the capital city, is the seventh largest Spanish city and an important University town with more than 30,000 students per year. Cartagena, the region's second largest city, is amongst the main port cities in the country. Lorca is the third most important city in the Region of Murcia.

1. Spain in Europe



2. Murcia in Spain



3. Invest in Murcia



INTRODUCTION

HIGHLIGHTS



Population of Murcia
1,464,924

Kilometers of Beaches
274

Average Temperature
21°C

Days of Sun
+300

Largest City in Spain
7th

Average annual
growth rate
3.7%

Sources: As of Feb. 2018



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ECONOMY



The business environment of the Region of Murcia is innovative, open and competitive, combining the experience and know-how of old traditional companies with the drive and determination of young entrepreneurs. Murcia is a commercial destination not only for those within the region, but also for thousands of people from neighboring provinces who come here to benefit from the large variety of options offered.

The Region of Murcia is home to a wide range of growing business sectors. International companies continue to set up their facilities confiding in Murcia to facilitate their overseas operations.

ECONOMY

REGIONAL SECTORS

01 PRIMARY

The Region of Murcia is a major producer of fruits, vegetables and flowers not just in Spain, but in all of Europe. Just go to any supermarket in Northern Europe, check the veggies section, and you will see the name of many of our companies on your shelves!

Associated to this powerful primary industry, the creation of a sector specializing in the transformation of agricultural products over one hundred years ago, has led to significant agricultural modernization. On these bases, the Region has set about its expansion, confidently undertaking the necessary social and economic changes required to compete.

02 SECONDARY

This sector is comprised of export-oriented companies specializing in industrial production and energy and petro-chemistry, with Escombreras being a major hub where key international companies in this sector have built plants. Canning companies as well as multinational corporations producing and marketing foodstuffs and beverages, are two areas in which Murcia also houses some relevant names in the international arena. Other important business activities carried out in the region within the secondary sector include furniture, pharmacy and shipyard.

03 TERTIARY

The Region has a dynamic construction and tourism industry. Whereas the former is still recovering from the meltdown hitting the Western world in 2008, the latter has not ceased to grow, establishing itself as a key pillar for regional economic growth and job creation. In addition to its appeal as a sun-and-beach destination, in recent years Murcia has also consolidated as a congress tourism favorite, with some venues amongst the best in Southern Europe. Cartagena, with its modern port, has achieved remarkable cruise ship tourism growth rates of up to 10% yearly, with some **230,000** visitors in 2017 (**25%** yearly increase). And let's not forget that our ever-sunny region is a great golf destination all year round, with many courses scattered around Murcia.

FACTS

With just over **2%** of Spain's territory, the Region of Murcia accounts for **21.2%** of the national fruit and vegetable export revenue. In the case of lettuce, grapes, celery, lemon, cabbage, spinach and melon, that percentage is well over **60%!!!!**

The expansion and upgrade project carried out by Repsol in its Cartagena refinery is the largest industrial investment ever made in Spain:
€3.2 billion!!!!

Caravaca de La Cruz, awarded by the Pope the Jubilee Year in 1998, is one of only five holy cities worldwide to have such distinction. It is a favorite destination for pilgrims and travelers looking for an inspiring, different and enjoyable place.

ECONOMY

SECTORS

MAIN BUSINESS AREAS



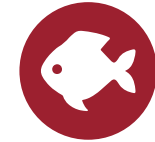
Tourism



Agrofood



Auxiliary Industries



Aquaculture



Plastics and Rubber



Logistics



Energy



Water Supply and Management



Chemistry and Pharmaceutical



ICT
(Information Communication Technology)

ECONOMY

BUSINESS AREA 1



Tourism



The word **Spain** is a synonym of **tourism**. Our country, with a population of **46 million**, is the second most visited worldwide, with over **82 million** tourists in 2017! These numbers continue to grow, both in arrivals from other countries as well as in turnover and national GDP contribution.

Murcia is a small region but its size is no obstacle when it comes to tourist arrivals: over **5.2 million** yearly. Over the last few years, Murcia has focused on diversifying its tourist portfolio, which now includes options in sun and beach, mountain, golf and water sports, natural parks, gastronomy, health centers, congresses, as well as wine, cultural and religious destinations. In the last decade, the regional tourist activity increased **17%**, with more Spaniards and foreigners visiting the region and international tourism increasing 2 percentage points above the national average (4.9%).

Although a total of **52.9%** of international tourists in the region come from the UK, since 2008 other thriving markets have increased their share, namely Nordic Countries (+12.9%), France (+2.2%), Ireland (+10.1%), Belgium (+9.6%), Italy (+23.6%) and Russia (+5.5%).

The regional government, aware that there is still much to be done within the tourist sector, has not only contributed to diversifying the origin of tourists, but also created a portfolio to show investors the most interesting business opportunities within this industry.

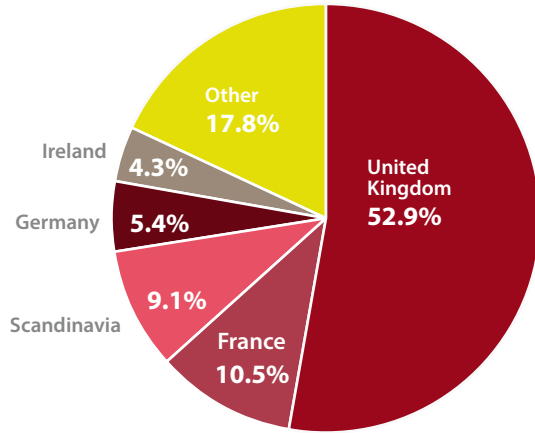
As a whole, tourist activities provide **direct employment to 48,725** workers in the region, 55,000 when indirect jobs are considered. Direct tourist employment contributes **9.6%** to the Region's total (11.2% if indirect jobs are added), with an **increase of nearly 2%** in the last six years. In 2017, the tourist sector generated nearly 3,000 new jobs, totaling nearly 50,000 direct jobs in the sector (6% more than in 2016). The target is to reach 55,000 direct jobs in the tourism industry by the year 2019.

Tourism plays a key role in the socioeconomic structure of Murcia. Regional tourist activities generated some **€2.8 billion** in 2016, contributing about 10% of Murcia's GDP. This strength of the tourist sector has led to the creation of an important network of product and service suppliers which last year had a turnover of **€557 million, 2% of the regional GDP**.

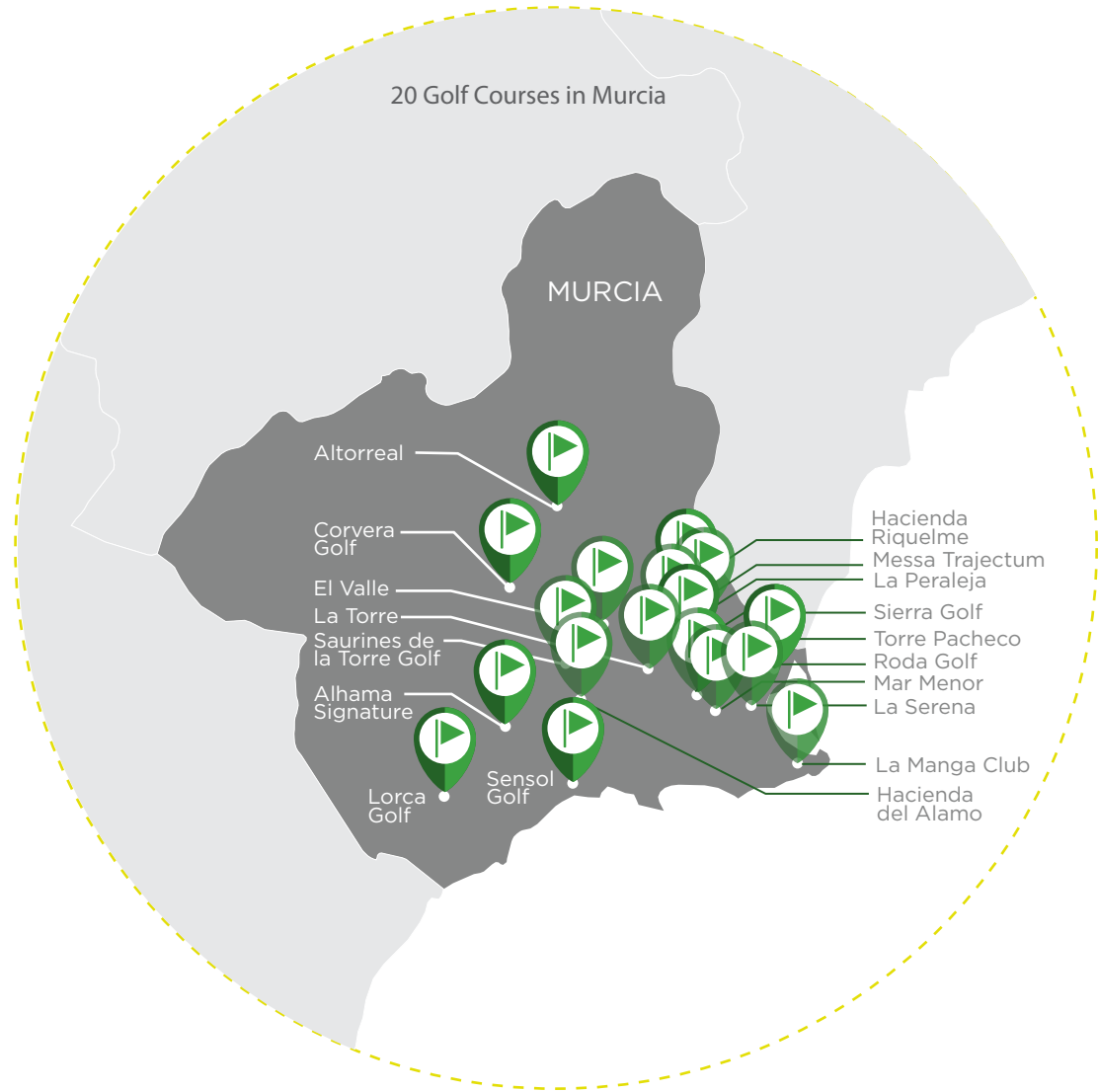
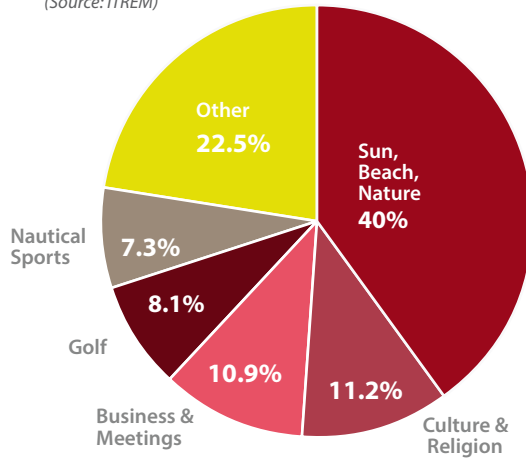
Spain last year surpassed the United States to become the world's second most visited country after France, with over **82 million** tourists!

-Spanish Prime Minister Mariano Rajoy (01.11.18)

Country of Origin of Foreign Tourists (2016)



Principal Tourist Areas Based on Money Spent (Source: ITREM)



COMPANY HIGHLIGHTS:

Main investors are **Phoenix**, the Chilean group owning one of the two 5-star hotels in the region (the other is **La Manga Club**) as well as groups **Silken** and **Tryp**, owners of iconic hotels in Murcia. A recent investor in the region is the group **Roc Hotels**,

which has paid **€22 million** to purchase and remodel the **Hotel Doblemar**, in La Manga. In total, sectoral investment is calculated at **€560 million** last year, a figure expected to increase in the short term due to the excellent prospects of the industry.

A key contributor to those prospects is golf tourism. The region, due to its great weather, attracts golf players throughout the year to its 20 high-quality courses all located within 50k of each other and designed by big names including *Jack Nicklaus, Dave Thomas and Seve Ballesteros*.

ECONOMY

BUSINESS AREA 2



Agrofood



Although catch phrases can be inaccurate, the saying “**Region of Murcia, orchard of Europe**”, is spot on. The Murcian agrofood industry, pillar of the regional economy, accounts for **32.5%** of employment and **28.3%** of production in the region. Furthermore, this sector is a driver for the creation of other innovative, leading-edge industries, such as farming technology, water management, greenhouses, agrofood machinery, packing and packaging, etc.

The Region of Murcia is internationally known for its fruits and vegetables, ancestral expertise in agricultural practices and unique ecological farming conditions. The range of Murcian farming products is vast in terms of fruits, vegetables and nuts.

Aware of current consumer trends, the region allocates an increasing percentage of its land to organic production (**10%**). In fact, **Murcia is the Spanish region with the highest percentage of land devoted to organic farming**. Furthermore, the region is at the forefront in the production of 4th- and 5th-range food products, which combine advanced processing with healthy properties.

In the Region of Murcia, the industry of canned and bottled fruit and vegetables has historically been tied to the local farming production. The regional canning industry, with over two centuries of tradition, undertook a few decades ago a deep technification process which has contributed to enhanced competitiveness. The canned

production is marketed mainly to destinations in the EU and the USA.

The regional production of **grapes and wine** is also important. Murcia, with excellent conditions for vineyard cultivation and wine-making processes, has three Appellations: Bullas, Jumilla and Yecla. **Over 80% of Murcian wines are exported**, mostly to Europe and North America, where it is increasingly popular, but also to Africa and Asia.

Olive cultivation is also relevant as it is essential for olive oil production. Over the last few years, the Region has significantly increased its production of organic olive oil. Although Italy is the main purchaser of Murcian olive oil (nearly **85%** of the total), Japan and France also demand our products.

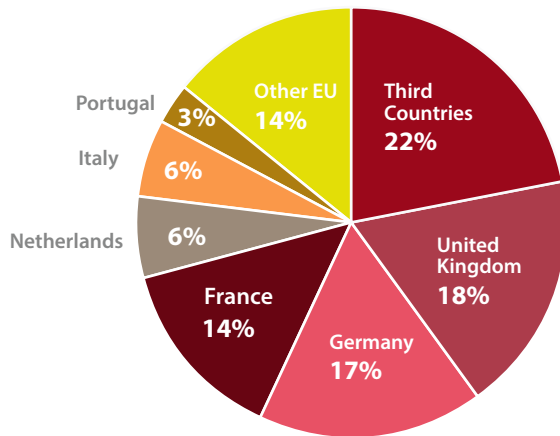
In this sector it is also important to mention the production and marketing of spices, mainly paprika. In fact, Murcia is one of the main paprika producing regions worldwide.

According to Spain’s Ministry of Agriculture, the Region of Murcia, with **2.2%** of the country’s territory, accounts for **5.4%** of agrofood sales, **4.8%** of raw material consumption, **5.7%** of employment and **4.9%** of investments in material assets. It is clear that the region is a national leader, not only in production, but also in the implementation of quality and management systems adjusted to the protocols for good agricultural practices demanded by the main European supermarket chains.

“Region of Murcia, orchard of Europe”

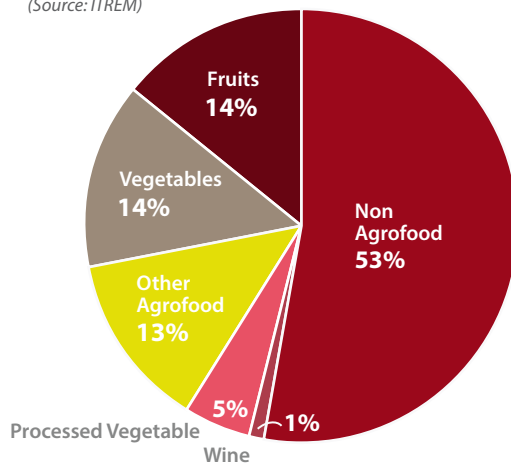
The Region of Murcia, with only **2.2%** of the country's territory, accounts for **20%** of the national fruit and vegetable exportation!

Distribution of exports within EU countries (2016)



Agrofood Product Distribution (2016)

(Source: ITREM)



Main Regional Exports (2017)

PRODUCT	TONNES	% over world-wide total	% over total EU	% over total Spain
Apricot	11,792	4%	9%	37%
Cauliflower & broccoli	192,727	17%	30%	66%
Lettuce and chicory	483,004	27%	44%	72%
Melons	172,252	8%	30%	46%
Grapes	76,386	2%	7%	54%
Lemons and limes	307,503	12%	42%	64%

Source: current results

COMPANY HIGHLIGHTS:

The agrofood sector combines tradition and innovation. In this context, the Region has an agrofood research network which addresses the business needs of the sector. Furthermore, the universities in Murcia carry out research for the industry through the Liaison Offices and provide a course portfolio adapted to the professional needs of the industry and the students.

The main destinations of Murcian exports are EU countries (**78.81%**), with sales to other world areas, such as Libya, Algeria, Japan and Saudi Arabia, increasing considerably.

Key players in this sector are **G's, Langmead, Florette, Postres Reina, El Pozo, Ramón Sabater and Agromark**, among many others.

ECONOMY

BUSINESS AREA 3



Auxiliary Industries



The auxiliary industries of the Region of Murcia are characterized for their deep restructuring and upgrading process over the last few years. Murcia, a region of strong mining tradition for centuries, eventually favored the development of a metallurgical sector to process ore-extracted minerals. Nowadays, Murcia's auxiliary industries are known for ongoing use of science, technology and extraction of industrial metals and minerals in an efficient, profitable and **environmentally friendly** manner. The aim of this sector is to process products that **favor regional development** and the well-being of the Murcian population.

In terms of numbers, the metallurgical industry was once again the sector with the **highest growth rate in 2017**. This is rather significant considering the fierce competition from metal manufacturers in China and Russia, as well as the high energy costs. A key factor for this sectoral improvement was the **"circular economy"** (metal recycling), the **domestic demand revival** (increased car production and construction reactivation) and, above all, the **increase of international sales**. Steel piping and tubing exports increased over **40%** in 2016, with Turkey, United Kingdom, Morocco, France, Gambia and Tunisia

being the main clients. In total, during the first eleven months of 2017, the Murcian auxiliary industries exported **€154 million**. If the sale of metallic products for that same period was included, the number exceeded **€446 million**.

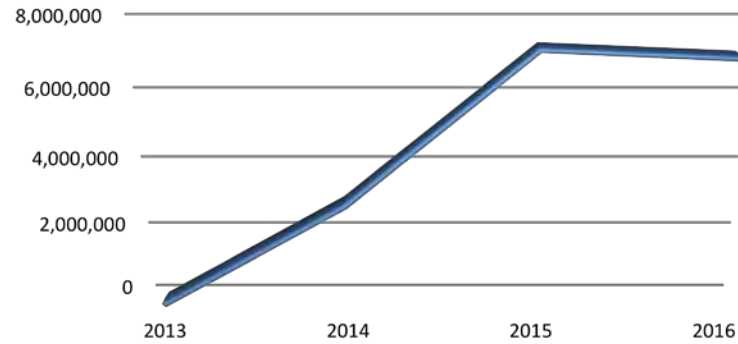
There are **995** Murcian companies specializing in the production of iron, steel alloys and metallic products, **40 of which are foundries** and **955 manufacturing factories**. They account for **16%** of the regional business network. The most important companies are located in Molina de Segura, Las Torres de Cotillas, Murcia and Cartagena. They have a large product portfolio: tubes, beams, construction structures, forges, car body parts, tin cans, tools and hardware, metallic meshes, doors, tanks, cutlery, ammunition, etc. **The sector's turnover is some €850 million**.

The metal sector is characterized for a medium-low technological level and an **R&D expenditure of 6%**. The key activities are metal casting, forging and stamping, as well as construction products and the manufacture of packing and packaging, with Murcia being a national leader.

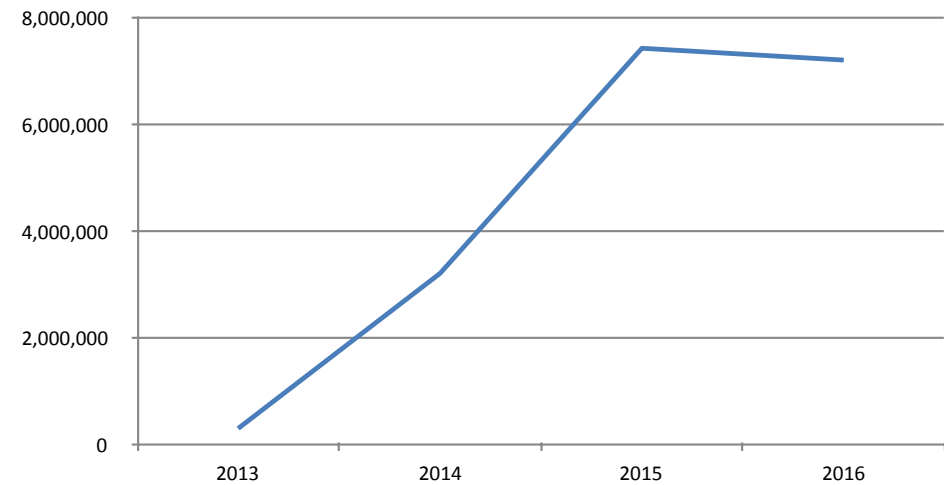
Source: CREM 12.2017

During the first eleven months of **2017**, the Murcian auxiliary industry sold some **€154 million** abroad!

Investment Evolution in the Auxiliary Industries Over the Last Four Years



Industrial Investment Evolution Over the Last Four Years



Source: Regional Ministry of Economic Development, Tourism and Employment
General Directorate of Energy, Mining and Industrial Activities

COMPANY HIGHLIGHTS:

Murcia becomes a national leader thanks to the work of companies such as **Mivisa**, **Crown** and **Auxiliar Conservera**. Furthermore, the role of **FREMM**, the organization coordinating the industry, is essential as it promotes training courses and channels innovation subsidies.

This industry currently employs some 20,000 people, 10% of whom work for the multinational corporation **Mivisa**.

ECONOMY

BUSINESS AREA 4



Aquaculture



Aquaculture, despite its recent development in the Region of Murcia in the 80's, has established itself as an industry with significant business opportunities after exponential growth over the years.

Although a number of species are cultivated in the region, in terms of revenue the main ones are seabream, seabass and bluefin tuna. The first two are produced in a closed cycle, whereas tuna production is based on capturing fish out in the Mediterranean Sea so that they can be bred and fattened. Mollusk and maigre production is also somewhat important.

Aquaculture has become so relevant in the Region of Murcia, that the construction of a new specialized industrial park is being considered. The new premises would be the fourth of this kind after the ones in San Pedro del Pinatar, Portmán and Águilas. It is important to mention that the region has a sectoral management plan and strategic plan, providing investors with certainty and stability.

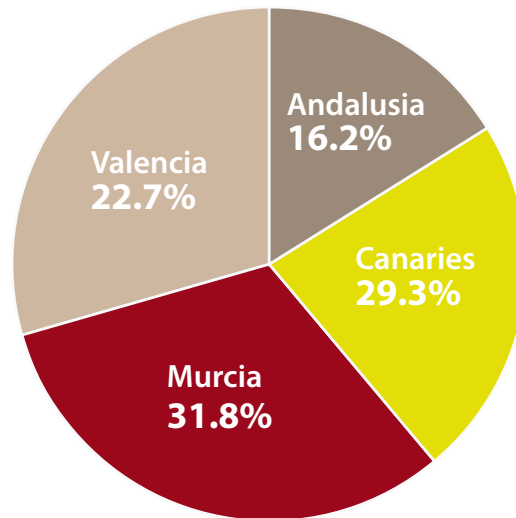
In Spain, aquaculture turnover amounts to €377 million, 40% of which are contributed by Murcia. These figures

are spectacular considering the small size of the region in relation to the rest of the country. A number of reasons behind Murcia's large aquaculture production are its significant business network development, investment efforts and water quality. These aspects, together with swell cycles favoring different temperatures and nutrients, make Murcia an ideal place for producing multiple species. Furthermore, there are many well-equipped fishing ports as well as a modern transport network by road, sea and air that facilitates rapid distribution of perishable products such as fish.

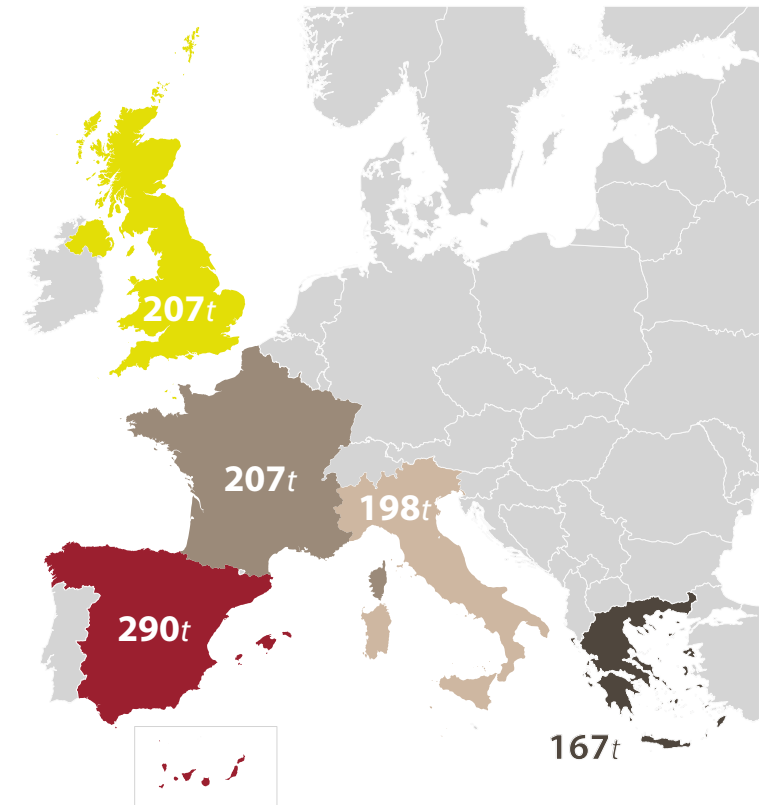
A complete network of infrastructures has developed in parallel to this industry, as well as auxiliary sectors that market cages, nets, water treatment equipment, antifouling products and feed. **The growth potential of the Murcian Aquaculture industry is remarkable**, especially considering the increase in world population foreseen by FAO: **10 billion people worldwide** in the 2030-2040 decade. Aquaculture, in addition to being an important source of proteins to feed people, generates wealth and employment and makes a smart use of water.

Spain's aquaculture turnover is **€377** million, **40%** contributed by Murcia.

Distribution of Annual Seabass Production (2016)



Production of Aquaculture in European Union (2017)
Expressed in Thousand Tons (t) *Source: Apromar*



COMPANY HIGHLIGHTS:

Culmarex, owned by **Cooke Aquaculture** (Canada), has a €124 million turnover, nearly a third of the country's total. Culmarex is a market leader in the production of seabream and seabass, followed by the company **Doramenor**. These two firms account for nearly **60%** of Spain's market share.

With regards to bluefin tuna, **Ricardo Fuentes** (24 million) and **Bersolaz Spain** are important companies not only in the region, but also in Spain, Europe and worldwide (mainly Japan). The same with maigre production in Spain, led by Murcia with **56%** of the country's total.

The Murcian Aquaculture industry produces over 11,000 tonnes and creates 500 direct jobs and thousands of indirect jobs.

ECONOMY

BUSINESS AREA 5



Plastics and Rubber



At a European level, **Spain is amongst the four main consumers of this product** together with Germany, France and Italy. In terms of production, our country manufactures some **80 %** of the standard plastics it consumes. As for exports, Spain sells in international markets 39% of its production of standard plastics, especially PET, with a total export volume of **64%**. The Spanish plastics sector, a basic industry for our economy, is on the rise. Last year this sector had a **growth rate of 7.9%**.

In the Region of Murcia, this sector has a long tradition, in part because of the **significant demand for plastic materials and products from other regional industries**. The strength of the farming and agrofood industries led to the development of a solid plastics sector which supplies materials for farming, packing and packaging, for fresh and processed food products, as well as equipment for fertigation systems, tanks and machinery. Other regional sectors demanding Murcia's increasing plastics production are **furniture** (polyurethane foam and specific materials), **footwear** (rubber processing and other materials) and **construction** (PVC for carpentry and profiling).

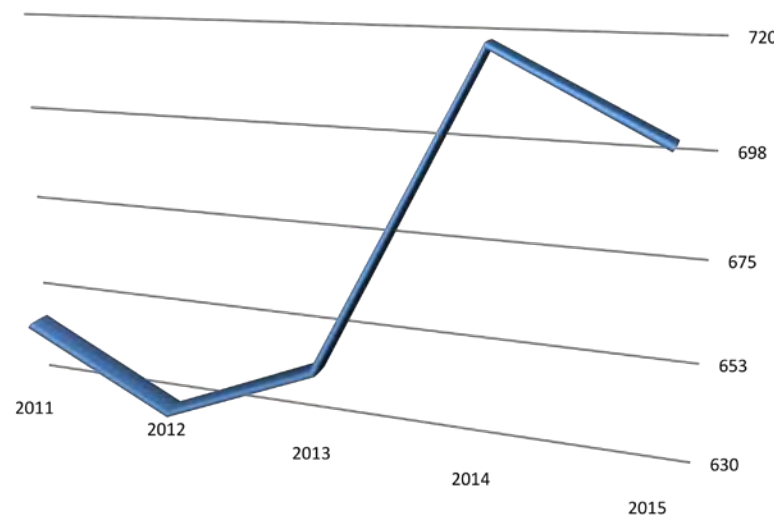
In addition, a sector applying advanced engineering, technology, innovation and the use of complex materials to manufacture primary and processed plastic materials, has been developed in the Region of Murcia. This sector, which in a relatively short time has established itself as a major international player, **includes manufacturers of vessels, helmets and hard hats**, as well as **technologically-advanced parts and components** for automobiles, boats, trucks and trains.

The plastics sector in the Region of Murcia is comprised of **175 companies contributing some €550 million to the regional economy and employing around 2,500 people**. Aware of the significance of this sector, the Murcian education authorities launched training services for technicians in thermoplastic polymer processing. Murcia is the fourth region that more rubber and plastic products exported last year, with a **sector turnover increase of 35% in five years**. Murcian exported plastics for a value of **€700 million last year**, with the main markets being China (17.94%), Germany (8.53%), Turkey (7.35%) and India (5.37%). Plastics sector turnover increases 35% in five years.

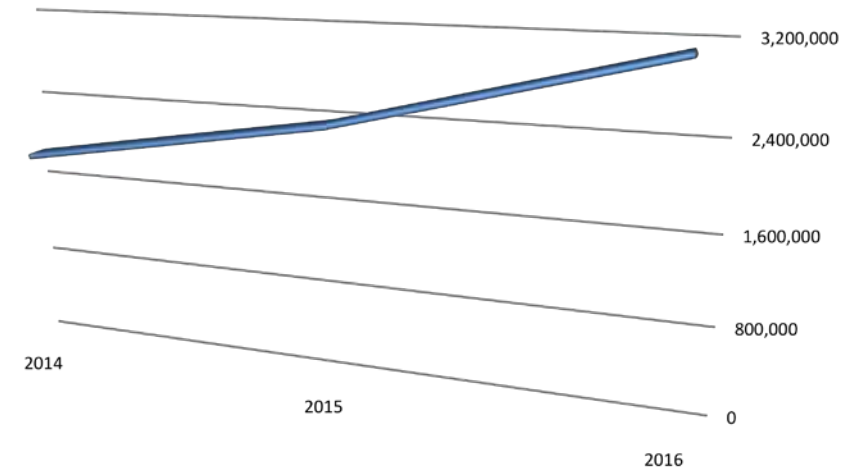
3.7% of national production comes from Murcia (which comprises only **2.2%** of territory) which means its production nearly doubles its size!

Murcia was home to the largest investment ever made in Spain ; the GE last-generation plastics factory, now owned by **Sabic**.

Murcia Region Plastics and Rubber Exports



Industrial Investment In the Plastics Industry



30% year-on-year investment increase during the 2014-2016 period

COMPANY HIGHLIGHTS:

As for the large companies in this regional sector, namely **Sabic, Solplast, Plasbel and Coopbox**, they have their own units for research, technological development and innovation, and operate in a context of ever-changing conditions and knowledge transfer.

These companies took part in the development of programs aimed at reducing plastic material weight and primary material consumption, using less energy in manufacturing processes and packaged product transport, recovering a larger percentage of plastic material waste and increasing plastics recycling and reuse. All this has contributed to environmental impact minimization.

ECONOMY

BUSINESS AREA 6



Logistics



According to the World Bank, Spain ranks **23rd** in the international list for logistics performance. At a European level, the Spanish logistics sector is **fifth** in employment and transported freight volume and **fourth** in sea freight transport. A number of factors contribute to the excellent performance of this sector, including the strategic location of Spain as a link between Europe and Latin America, Northern Africa and the Middle East, as well as a first-class highway and freeway network and the active role of international transport stakeholders who are highly experienced and specialized. Furthermore, Spain is the European country with more kilometers of high-speed train lines and the **second worldwide**.

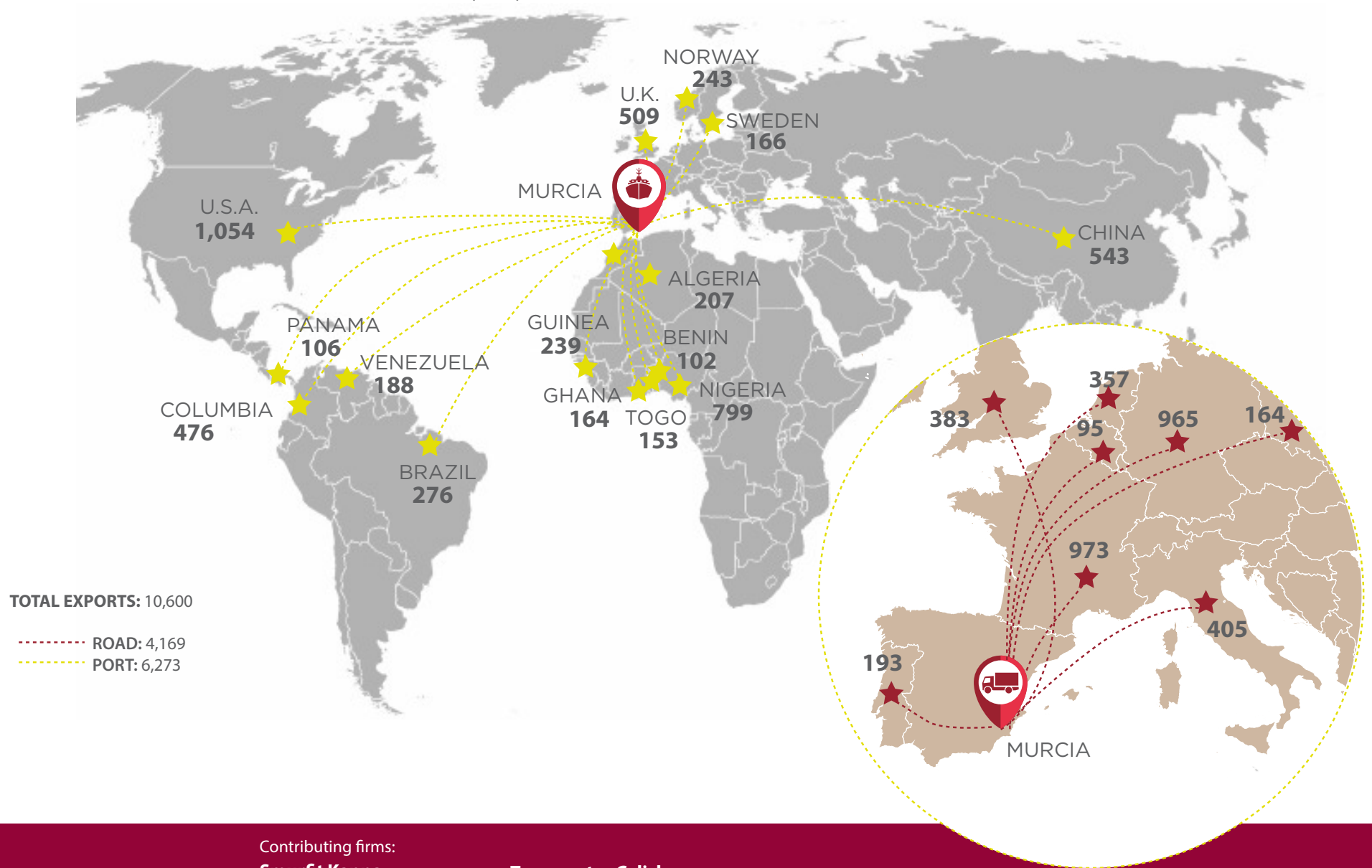
In the Region of Murcia, **logistics accounts for 4% of the regional GDP** (commerce excluded), that is **21.13%** of the gross added value, **22.06%** of employment and **4.2%** of job generation. Murcia is a region located in a strategic axis for railway, sea and air connections, thus favoring logistical chain optimization through multimodal freight transport. It is important to note that the Region's refrigerated truck fleet, the largest in Spain, specializes in fruit and vegetable transport, an industry supplying European markets on a daily basis. **Within Spain, Murcia is the region with the highest ratio of transported tonnes per kilometer.** As for the Port of Cartagena, second with

the highest growth rate in Europe, it ranks first in liquid bulk cargo nationwide and fifth in freight transport.

Other factors allowing Murcia to be at the forefront of logistics are, on the one hand, cost effectiveness, competitive demand-adapted services and, on the other hand, industrial land availability in nearly 80 industrial parks where key logistics projects are developed at a national and European level. The Region's large industrial, agricultural and service production has always required having a quick, efficient distribution network. This has allowed Murcian logistics sector agents to gain ample commercial experience and knowledge of this industry.

In addition to traditional logistics activities, in the last few years there has been an increased need for e-commerce storage and distribution, a newly-created sector with a **12.7%** business volume growth in 2016. This sector has brought new logistics surface demands, as well as the creation of specialized express carrier and parcel services. Furthermore, the spectacular growth of regional tourism has resulted in improved logistical support infrastructures.

In short, logistics and transport comprise a key sector for the Region, allowing Murcia to better position itself in today's globalized economy.



COMPANY HIGHLIGHTS:

Contributing firms:
Smurfit Kappa,
Alfil Logistics,
Primafrio,
Centros Logísticos de Lidl,
Grupo Fuentes,

Transportes Caliche,
El Mosca,
Grupo Disfrimur,
Campillo Palmera,
 to name a few.

Murcia is the region with the highest ratio of transported tonnes per km

ECONOMY

BUSINESS AREA 7



Energy



Spain is one of the European countries with the most hours of sunshine, making it a prime producer of solar energy.

On a global scale, Spain is the world's fifth biggest producer of wind power, increasing penetration levels 20% and remaining a leader in the generation of thermoelectric solar energy. At a worldwide level, the country is one of the most advanced in the development of solar energy and the fourth largest manufacturer of solar power technology. Spain added a record 2.6 GW of solar power in 2008, increasing capacity to 3.5 GW. Total solar installed capacity in Spain was 7.14 GW by the end of 2016.¹

Spain in general, Murcia specifically, have optimal conditions for the development of all self-consumption methods. Considering the high price of energy generation in some geographical areas, this is a very interesting option in terms of cost. The main feature of the renewable energy sector in Murcia is its diversification.

67% of primary power sources generate biomass residues which can be treated and used for various forms of energy storage. Murcia, compared to other Spanish regions, focuses on the use of geothermal energy, which accounts for **4.14%** of all thermal production.

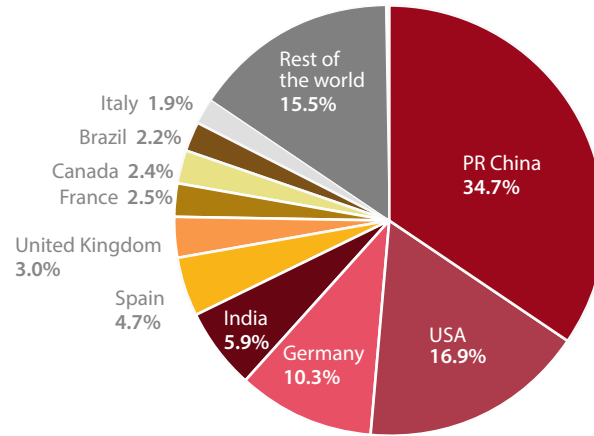
As for photovoltaic, Spain is the 4th worldwide producer, with Murcia being the 1st region in number of photovoltaic installations per km² at 33 kW/km² (8.26 kW/km² in the rest of the country)

As a result of a changing business scenario, nearly 3,500 MW of fully developed solar projects were put to a halt a few years ago. **Now those projects are waiting to be launched back on the map!**

¹. Source: Worldenergy.org

20 €

Top 10 Cumulative Capacity (Dec. 2016)
(Source: GWEC)

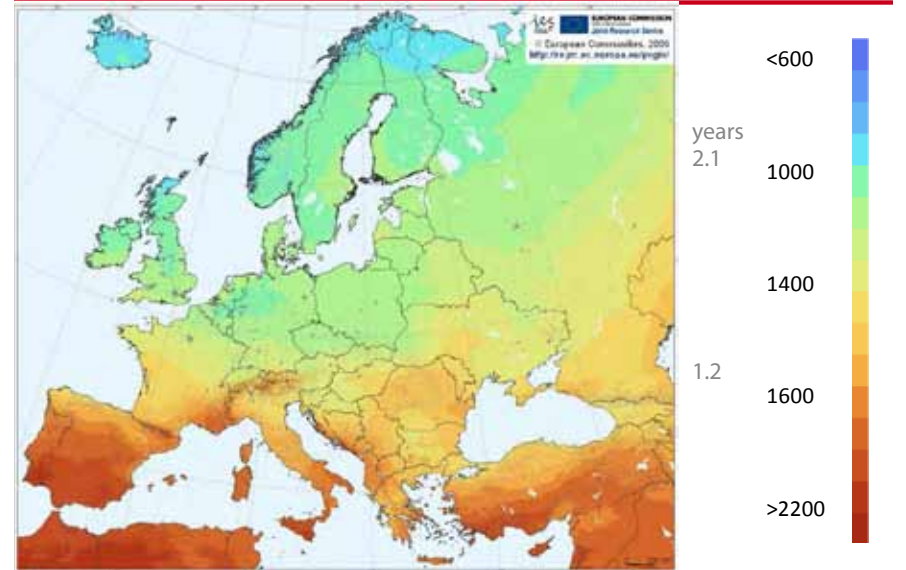


10,000,000 homes in Spain are powered by wind energy

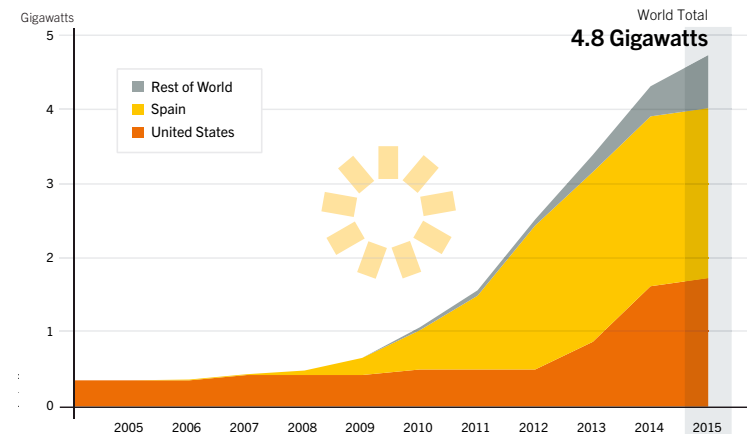
Source: GWEC (2018)

Country	MW
PR China	168,732
USA	82,184
Germany	50,018
India	28,700
Spain	23,074
United Kingdom	14,543
France	12,066
Canada	11,900
Brazil	10,740
Italy	9,257
Rest of the world	75,576
TOTAL TOP 10	411,214
World Total	486,790

Energy Generation "Payback" (Roof Installation)



Concentrating Solar Thermal Power Global Capacity, by Country or Region (2005-2015)



COMPANY HIGHLIGHTS:

Contributing companies:

Repsol,
Iberdrola,
Redexis Gas,
X-Elio,
Andaltia,
Soltec y Engie

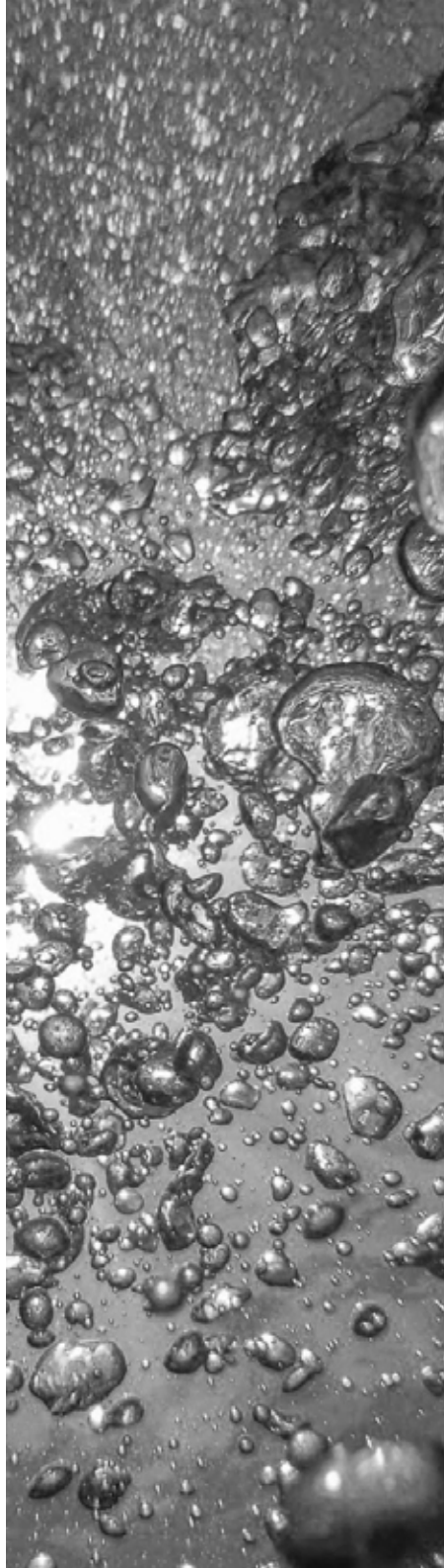
In terms of concentrating solar thermal energy generation, Spain is the 1st worldwide producer, with Murcia being a key contributor.

ECONOMY

BUSINESS AREA 8



Water Supply and Management



Water management in Spain, including irrigation systems and hydraulic power generation, is a key element of economic development. Spain has various agencies specializing in water resource management, sustainability and protection, in line with the EU's water framework. Spain, **country with the highest number of reservoirs per capita worldwide**, has a decentralized water management system, allowing each region to have a high level of water management autonomy.

Within Spain, the Region of Murcia is an example of comprehensive management, both in terms of water protection and resource optimization. One of the aims is to support agriculture, one of the region's key sources of wellbeing and wealth. In fact, Murcia is the leading Spanish region in water treatment and reuse per person, using over **90%** of treated water for farming irrigation.

As for employment in the water industry, it is rather stable and qualified. Technology levels in urban water services in Murcia, similarly to the rest of Spain, are amongst the best in Europe. Water utilities have implemented multiple improvements and modern technologies in all areas, such as **hydraulic techniques, treatment and purification processes and sensing and remote control methods**, among many others. This technological optimization has favored a significant water treatment cost reduction while maintaining water quality levels.

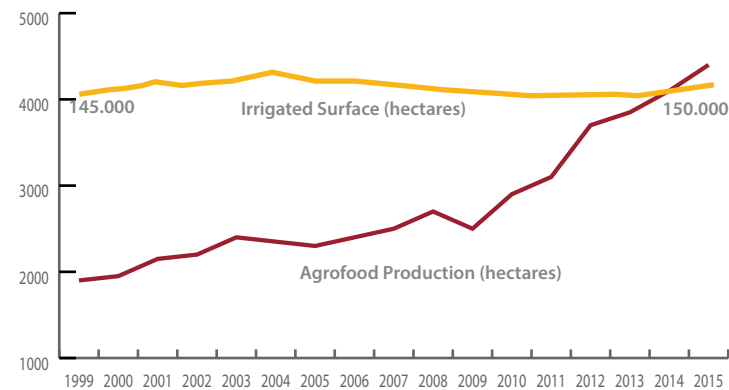
Research is another field in which the region has made considerable efforts, enhancing process knowledge and developing products which have positioned Murcian companies as sectoral references. Many countries with a water deficit implement processes and purchase technology developed in our region. This technological progress in water resources allows **Murcia, main agricultural producer in the country**, to be one of the Spanish regions which consumes less water, according to survey by INE (*Spain's National Institute of Statistics*).

Murcia Region firms specializing in the water resource industry have a yearly turnover of some **€750 million** and employ **5,000** people. These firms, leaders in the implementation of new control and management technologies, are firmly committed to moving ahead with the fourth industrial revolution digitization process. The Region of Murcia, national and international water management reference, has turned its need for water into a competitive advantage through the creation of companies specializing in water resource management. These companies are known for their innovative capacity and high levels of technology exports, even to leading water management countries such as Israel and Chile. In fact, **Murcia is the second Spanish region in the export of greenhouses** (13% of the national total) and the first in the export of specific agriculture machinery, mainly sprayers (18% of the national total).

Murcia is the leading Spanish region in water treatment and reuse per person, using over **90%** of treated water for farming irrigation.

Relation Between Agrofood Production and Irrigated Land
(Millions of euros)

(Source: ICEX)



COMPANY HIGHLIGHTS:

It is important to consider that water scarcity is an increasingly frequent phenomenon and a worldwide concern. It is currently calculated that such scarcity affects **40 % of the world's population**, a percentage expected to increase to two thirds by the year 2050. **Murcia is prepared to face this increasing challenge.**

Main contributing companies include:

**Grupo Wind,
Hidroconta,
BEL Composites**

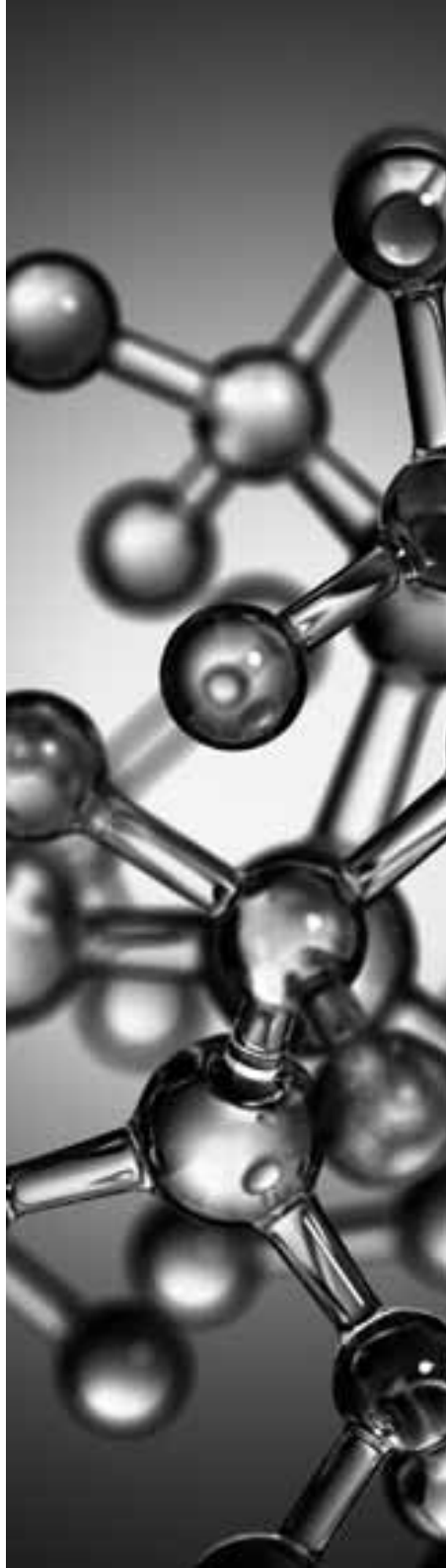
Firms specializing in the water resource industry have a yearly turnover of some €750 million and employ 5,000 people.

ECONOMY

BUSINESS AREA 9



Chemistry and Pharmaceutical



Spain's **chemistry industry is the third most important within the Spanish economy**, to which it contributes nearly **11%** of the industrial Gross Added Value (GAV). Spain is considered the **fifth European manufacturer** and **eighth worldwide** producer in this sector. In addition to being a strategic industry for the Spanish economy due to its highly export-oriented and innovative nature, the chemistry industry has increased its contribution to the country's GDP in more than **54.5%** over the last 15 years. In terms of employment, over half a million professionals work both directly and indirectly in this sector.

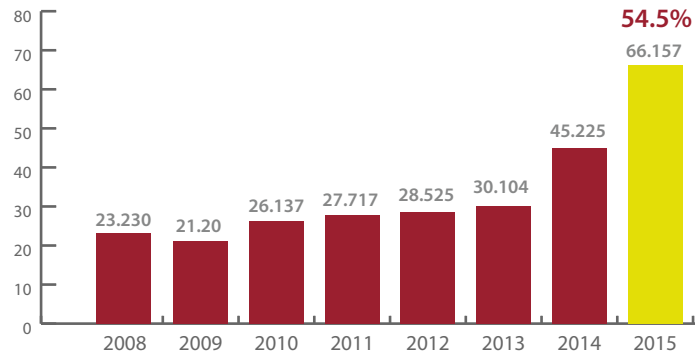
Murcia is in the Spanish Mediterranean Rim, where most chemical industry firms are located. Within the Region it is important to mention Valle de Escombreras (Cartagena), an area with a large number of petrochemical industries with a cutting-edge technological and productive level at an international level. Within this sector a product which is certainly a category of its own is **petroleum**. In this regard, the port of Cartagena plays a key role as it is the main Spanish port in petroleum traffic and one the **most important in liquid bulk cargo in the entire Mediterranean region**.

Another relevant characteristic of this sector is the proximity between primary material suppliers and end clients, an advantage contributing to enhanced services and optimized costs.

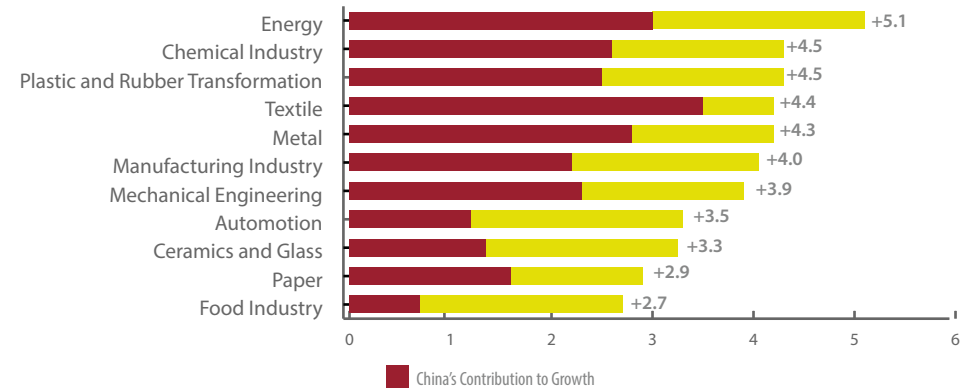
This sector is also known for having **more open-ended contracts (88%) than any other in Spain (65%)** and for investing more in R&D than any other industry. The sectoral experience accumulated by Murcia has taken the region to build industrial parks adjusted to the requirements of the chemical industry. This is essential because due to the specific conditions of the chemical industry, companies in this sector demand installations such as waste treatment plants and specific piping, among others, all of which are available in the Region.

In addition to petroleum and its by-products, this sector is comprised of a large range of industries with a significant production and turnover volume. Some of these industries are pharmaceutical, cosmetics, paints, as well as plastics and paper items, among others. An aspect currently considered vital is the **protection of the environment**. In this sense, Murcia's chemistry industry has a Global Program for ongoing improvement of the environment, safety and health, in accordance with the sustainable development principles recognized by the United Nations and applied in 53 countries. In addition to this, it is important to mention the educational system of the Region which, aware of the relevance of this industry for the Murcian economy and society, offers specialized chemistry courses in the **7 universities of the Region's area of influence**.

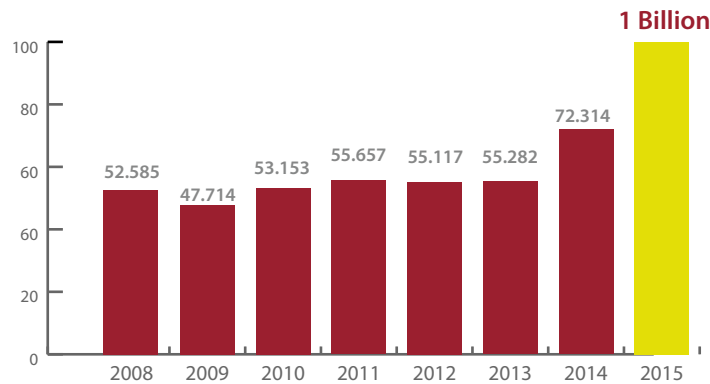
Evolution of Chemical Sector Exports (2008-2015 Millions €)
(Source: INE. Industrial Company Survey, Production and Price Index and Own elaboration)



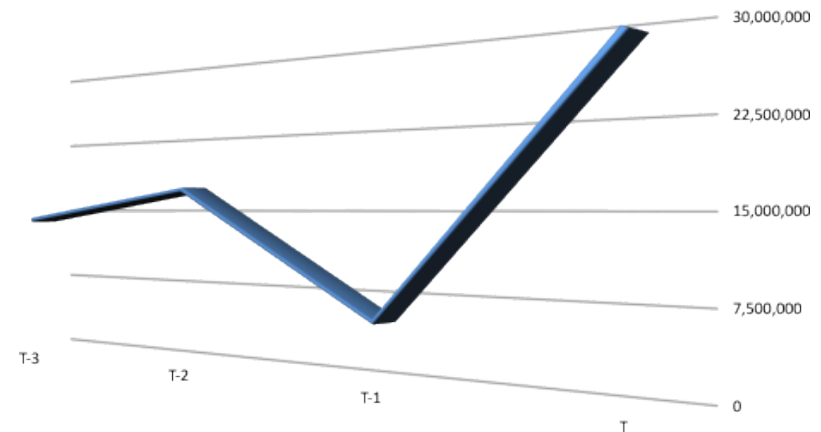
Average Annual Production Growth Among Industrial Sectors (%)
Growth 2011-2030 (Millions €)
(Source: VCI Prognos Study)



Evolution of Turnover in the Chemical Sector (2008/2015 Millions €)
(Source: INE. Industrial Company Survey, Production and Price Index and Own elaboration)



Chemical and Pharmaceutical Industry (Millions €)



COMPANY HIGHLIGHTS:

As for companies located in the region, the main ones are **Sabic** and its polycarbonate plant, **SK Lubricants** and its lubricant base plant, as well as **Repsol's** mega-industrial complex, which is the most significant industrial investment ever made in the country (**some €3.3 billion**).

Contributing companies include:

- Sabic**
- Saras Energía**
- Takasago**
- SK Lubricants**
- Francisco Aragón**

ECONOMY

BUSINESS AREA 10



ICT (Information Communication Technology)



At a European level, the ICT sector of Spain is the fifth most important in terms of revenue: **€88.13** billion in 2016, with a GDP contribution nearing **6%** and an R&D investment volume almost doubling the numbers of the 2003-2009 period. In 2016, the 30,000 ICT companies operating in Spain employed 420,905 people. Direct and indirect employment in ICT was 1.2 million in 2016. Furthermore, our country is a leader in advanced technologies. For example, **3 out of every 5 flights worldwide use Spanish software to land and 13 out of every 15 key North American gas and oil companies use Spanish information management and control systems.**

With regards to the Region of Murcia, the ICT sector is known for its significant growth potential and availability of state-of-the-art technological infrastructures, such as the Fuente Álamo Technology Park, the Murcia Scientific Park and the Data Center of **Kio Networks**, a Mexican multinational corporation operating in the region since 2014. Within the ICT sector, companies operating in the region specialize mainly in the design and development of IT systems, telecommunications, electronics and audiovisuals, customized software, ICT consultancy, generic hardware and software, web development and graphic arts. Additionally, over **90%** of regional ICT firms are experts in service development. One of the differentiating features of the Murcian ICT sector is its workforce, comprised of highly qualified

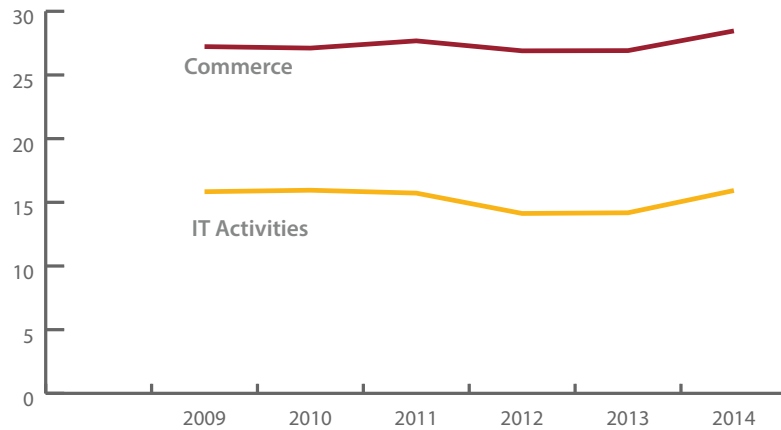
professionals who are available to work anywhere in the Region, Spain and the rest of Europe.

Regarding the exports of technological SMEs from Murcia, they increased **26%** in 2016 mainly due to an sales increase of hardware (62.93%) and telecommunications equipment (22.17%). This increase is ten percentage points higher than in the rest of Spain. The main destinations for the products and services of Murcian technological firms were **Portugal, Morocco, Chile and China-Hong Kong.**

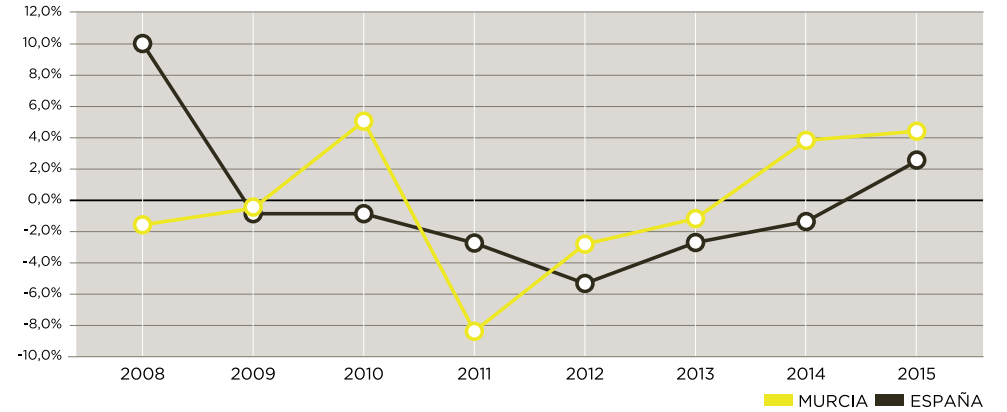
Murcia Region firms in this sector are highly dynamic and very innovative and entrepreneurial. These features, in addition to favoring the development of the fourth industrial revolution, facilitate the integration of this type of technologies in industrial production and distribution processes which, in turn, will contribute to increase the competitiveness of the region's industrial and business structure. Nowadays the regional ICT sector, which is highly focused on increasing its presence in Latin American markets, have managed to increase the standards of technology and service quality in Murcia TIC regional, partly due to the arrival of important **multinational corporations.** These multinational corporations have set up in Murcia because of our **local, dynamic regional sector, as well as due to the availability of highly qualified professionals, excellent connectivity of the region and competitive costs.**

ICT sector business volume for commerce and IT activities (Millions of euros)

(Source: ONTSI)

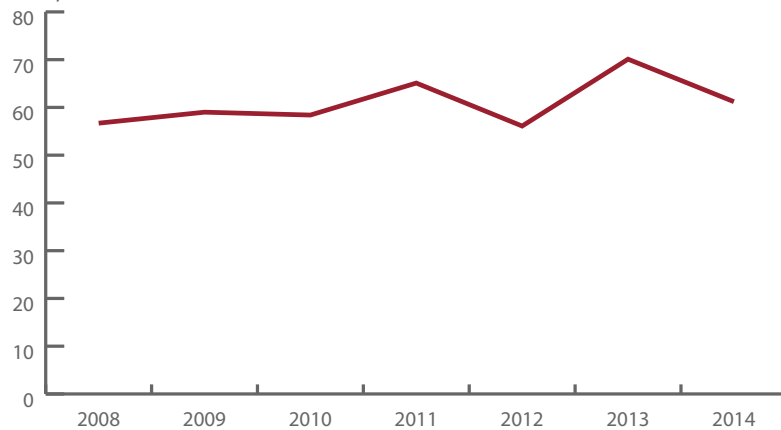


EVOLUTION OF R&D EXPENDITURE GROWTH RATES



% of E-commerce evolution amongst companies in ICT sector

(Source: Spain's National Institute of Statistics)



COMPANY HIGHLIGHTS:

Multinational corporations leading the ICT sector in Murcia include:

KIO Networks (Mexico)
Capgemini (France) and
NTT Data (Japan), which bought out Everis.

50,000 companies in different production and commercial sectors of the Murcian business structure; over 20,000 companies in other Spanish regions are supplied with Murcian ICT services, employing nearly 3,800 qualified technicians.

ECONOMY

IMPORTS/EXPORTS



Region of Murcia

Exports ⁽²⁰¹⁷⁾

€9,562.56 billion

Murcia represents **2.2%** of Spain's surface area. In terms of exports, we account for **3.75%** of the nation's total, nearly **35%** more than what our size would suggest.

Imports ⁽²⁰¹⁷⁾

€8,989.86 billion

Murcia bought mostly (over **60%**) fuels and lubricants, with the Region accounting for **3.23%** of Spain's total imports.

Exports destinations:



EU (France, Italy, Germany, United Kingdom, Netherlands, Portugal)

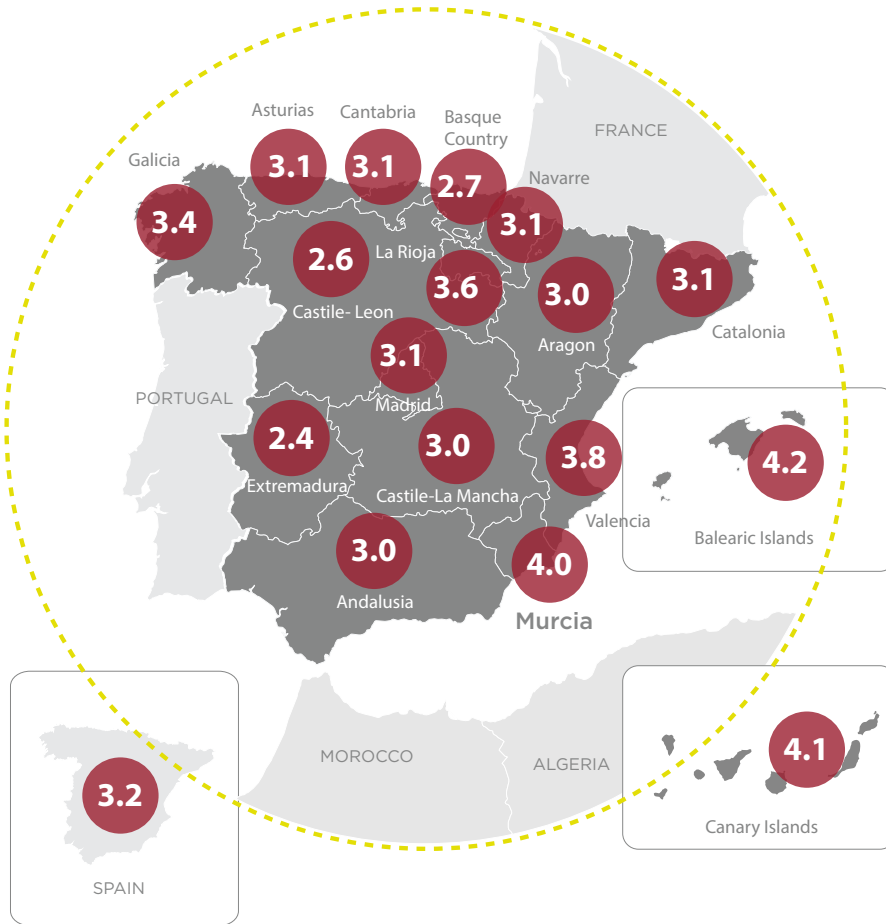


Non EU (Morocco, South Korea, United States, China, Brazil and Turkey)

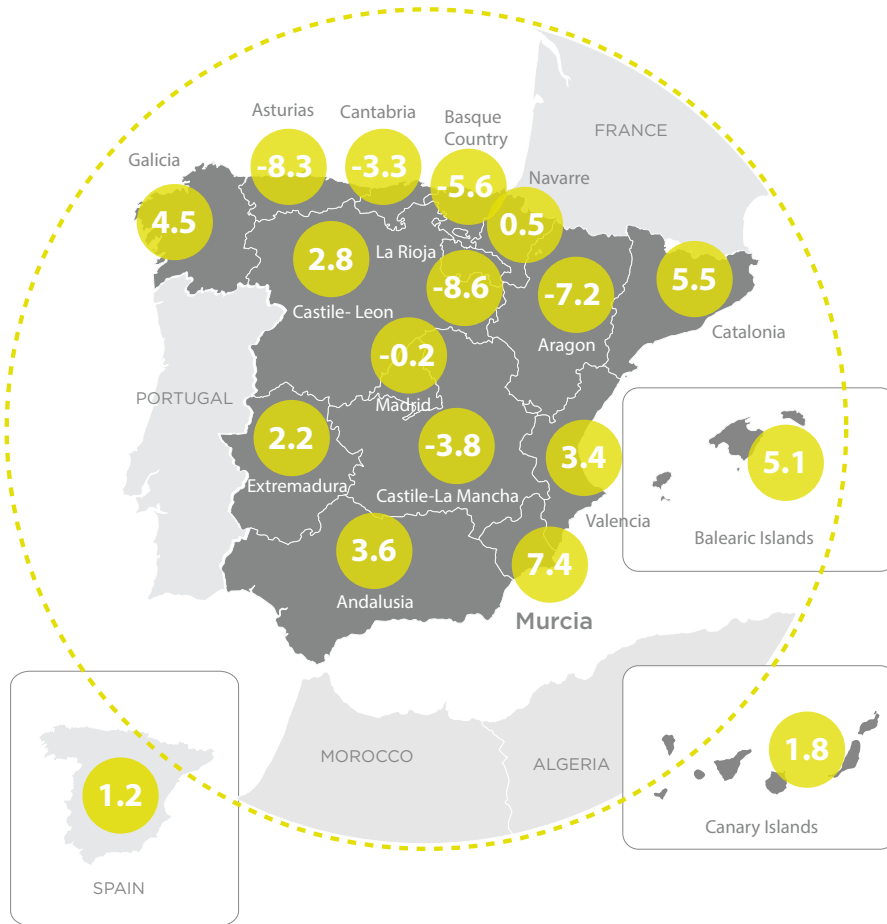
COMPARATIVE DATA WITHIN SPAIN

(3rd Quarter 2016)

GDP Growth %



Industrial Production Increase %





INFRASTRUCTURES



In the Western World, economic growth is closely tied to energy consumption. In that regard, Spain has a robust energy mix that ensures power supply stability. As for the Region of Murcia, it **has combined cycle and coal plants, wind farms and cogeneration stations**. In addition to this, and considering that the region has over **300** sunny days yearly, solar energy is not only the future, but the region's energy present with nearly 300 solar stations installed. In fact, Murcia is one of the main photovoltaic regions nationwide.

As for sea infrastructures, the Port of Cartagena is in a category of its own. It is the fourth most important freight port in Spain, ahead of those of cities such as Bilbao and Malaga. The role played by this Port is of great value to the Murcian economy, with **60% of exports and 80% of imports** out of and into the Region going through it. In addition, the region has multiple marinas, fishing ports and other smaller commercial ports such as those of Águilas and San Pedro.

With regards to road infrastructures, the Region of Murcia is well interconnected through a complete network of roads, highways and freeways. Many high capacity roads provide companies and users with the possibility of traveling fast and safely around our region. The excellent quality of regional roads should be no surprise: Murcia is the second most important region in Europe in terms of refrigerated road transport. Aware of this, we built highways and freeways to facilitate fast, efficient freight delivery. In doing so, we benefit all users!



INFRASTRUCTURES

TRANSPORTATION IN MURCIA



Murcia is the second most important region in Europe in terms of **refrigerated road transport**



The Region of Murcia has a large railway network. In addition to connecting the main regional cities via railway, there are trains connecting our region to the main cities in Spain and, in turn, in Europe. In this regard, it is important to mention that within a year, the **Region of Murcia will be connected to the rest of Spain via high-speed train**, shortening the time needed to go to Madrid in half (about 2 hours and 15 minutes).

Without a doubt, the arrival of the high-speed train will contribute to making business connections more dynamic and efficient.

Lastly, within a 75-kilometer range, Murcia has **three international airports** connecting the region to some of the main cities in Murcia, Spain, Northern Africa and Europe, including major airline hubs offering flights to all destinations worldwide.



INFRASTRUCTURES

CONNECTIVITY



HIGH SPEED TRAIN

From 2018, new trains and the HV electrification of the Mediterranean Railway Line will reduce train journey times.

Map of Train Locations (2018)



The large railway network of the Region of Murcia is about to get much larger. The **Mediterranean Corridor**, a European project which runs nearly 10,000 km through 6 EU countries (Spain, France, Italy, Slovenia, Croatia and Hungary), will be a great business and investment opportunity for all kinds of industries and including the real estate sector.

Source: European Commission



INFRASTRUCTURES

CONNECTIVITY



AIRPORTS

Alicante airport the fifth busiest in Spain, recorded historic high passenger numbers last year, handling the travel needs of **12.3** million people in 2016.



Flying Time in Hours and Minutes *(excluding layover)

Location	Madrid	London	Paris	Los Angeles*	Hong Kong*	Frankfurt	Amsterdam	New York*
Murcia	1h 10m	2 h 30m	2h 15m	17h	17h 15m	4h 35m	2h 45m	9h 40m

Sources: Google Maps



INFRASTRUCTURES

CONNECTIVITY



PORTS



Shipping Frequency in Days

Destination	North America	Northern Europe	Central America	South America	Asia	Oceania	Africa
Cartagena	3	3	7	3	3	3	3

Source: Port Authority of Cartagena



INFRASTRUCTURES

CONNECTIVITY



HIGHWAYS

Murcia's network of roads and highways provide companies and users with the possibility of traveling fast and safely.

Distances to cities in kilometers



Distance to cities in hours and minutes

Location	Madrid	Alicante	Valencia	Malaga	Barcelona	Gibraltar	Seville	Bilbao
Murcia City	3 h 40m	1 h	2h 26m	3h 55m	5h 40m	4h 55m	4h 55m	7h

Sources: Google Maps



WORKFORCE

A key to successful investment is having access to qualified staff, which in many cases is the main asset of any business. Talented managers know that good employees are hard to find and that having a qualified workforce can make a world of difference for their companies. Business leaders need someone they can count on to run the company when they cannot be there.

This is increasingly important in the case of cross-national investment, as it means that companies will relocate not only in a different country, but more importantly, in a different culture. Having the right type of employee provides companies with the structure and reliability that today's business environment demands.



Vocational training Centers have **20,500** new students every year specializing in Administration, Electricity and Electronics, Information and Communication, Vehicle Maintenance and Tourism.



WORKFORCE HIGHLIGHTS:

- ▶ Murcia is one of the most competitive economies in terms of HR in Europe. For a relatively small territory, the number of centers providing companies with access to qualified workers is remarkable. The Region of Murcia has over 100,000 university students yearly, many of whom take highly specialized courses in technical areas.
- ▶ Companies do not only need “white-collar workers”, but also “blue-collar ones”. Not a problem. The region has nearly 100 vocational training centers with students registered in a large variety of courses. Another key consideration is the fact that investing companies may come from anywhere in the world, meaning speaking foreign languages and understanding multi-culturalism is essential.
- ▶ Murcia has official language schools scattered throughout the region where students learn not only European languages, but also those spoken in important Asian and African countries.



WORKFORCE

BUSINESS SCHOOLS

03

UNIVERSITIES

07

STUDENTS YEARLY

120,000

VOCATIONAL TRAINING
CENTERS

97

OFFICIAL LANGUAGE
SCHOOLS

06

TECHNICAL AND
ADMINISTRATIVE
SPECIALIZATION





QUALITY OF LIFE

In the Region of Murcia we take great pride in taking the saying “work hard, play hard” to a form of art. There is much research confirming that a happy worker is in fact a productive worker. In our region, we have everything needed to make people feel happy: Great temperature, the sea, the mountains, the sun, great food, concerts... the list goes on and on.

In our welcoming, outward-looking region, you will feel right at home.



ITEM	EUROPE*	SPAIN	MURCIA	BENEFIT
1-bedroom apt. city center	€721	€539	€331	Live better, pay less
% of adults with university degree	28	29	30	7 universities within 150 km
Industrial land avg. price €/m2	€368	€119	€70	Build bigger, build cheaper
Rental office avg. price €/m2	€24	€9	€7	Bring your fixed costs down
Cost of living index	75	57	52	Same service, lower prices
Groceries index	62	45	45	Eat better, save money
Crime index	39	32	22	Peace of mind
Healthcare index	77	77	79	Longest life expectancy in the EU
Hours of sunlight	1,451	2,365	>3,000	Free vitamin D!
Electricity cost (kW/h)	12	10.3	9.9	Light up your business
Expressway length (people per km)	9,978	2,653	2,460	Travel faster and safer
Petrol prices	€1.33	€1.17	€1.12	Savings everytime you are at the pump

Sources: numbeo, current results, statista, OCDE

*Europe calculations based on France, Germany and UK data combined.

40



INVEST IN MURCIA

The foreign direct investment department of the Regional Development Agency of Murcia (INFO) is known as "Invest in Murcia". The main objective of INFO is to promote regional economic growth and business network competitiveness through key action lines including Innovation, Internationalization, Business Financing and Entrepreneurship.

Invest in Murcia, member of the Invest in Spain network, has a solid experience supporting national and international companies wishing to establish their business in the Region. The investment department also promotes and facilitates reinvestment projects undertaken by companies established in Murcia to consolidate their growth.

The specialized, multidisciplinary team of Invest in Murcia provides clients with cost-free, professional services adapted to the specific needs of your project. With the aim to facilitate investment projects in the Region of Murcia, an **Investment Acceleration Unit (UNAI)** was created.



INVEST IN MURCIA

UNAI



FAST TRACK TO YOUR INVESTMENT

The main features of UNAI are as follows:

- ▶ Service which, by law, must reply to investor applications within 48 hours to let them know if their project is eligible.
- ▶ UNAI helps investors to deal with redtape associated to their investment projects.
- ▶ Administrative proceedings associated to investment projects are cut in half compared to other Spanish regions.
- ▶ Supplier of a roadmap for authorizations and permits required for project implementation, including their time sequence.
- ▶ One-stop shop for all documentation during dossier handling.
- ▶ Follow-up of proceedings in local agencies.
- ▶ Remediation of legal deficiencies potentially hampering project implementation.

Investment projects managed:	788
Total of investment applications received:	€25 billion
Total of investment projects approved and managed:	€9 billion
Job creation associated to approved projects:	8,274



INVEST IN MURCIA

SERVICES OFFERED

“Up to 70% of investment is linked to the existing investment base.”

-United Nations

Our work does not end when companies set up in our region. According to a report issued by the United Nations in 2011, experts have confirmed that, especially in developed countries, up to 70% of investment is linked to the existing investment base. Aware of this, Invest in Murcia offers a robust aftercare service to ensure companies in our Region have everything they need to feel comfortable amongst us and focus on one single thing: optimize business profitability and market consolidation.

Services offered by Invest in Murcia:

Information and analysis
 Financial aid consultancy
 Business site location
 Investment network
 Investor Cafe
 Business opportunity networking

UNAI

Options for foreign investors wishing to operate in our Region:

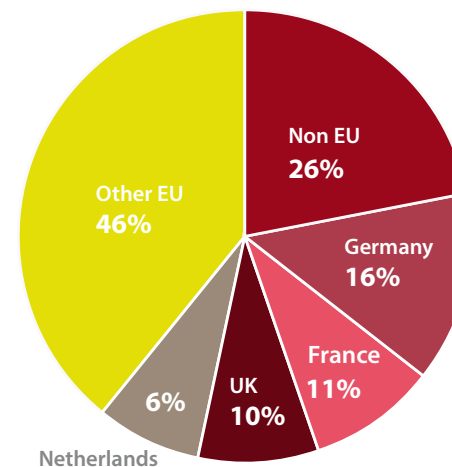
Setting up a Spanish company
 Opening of a branch
 Representation office
 Operating as freelancer
 Joint Venture with companies already established
 Distribution agreements
 Operations through an agent
 Operations through a sales representative
 Opening a franchise



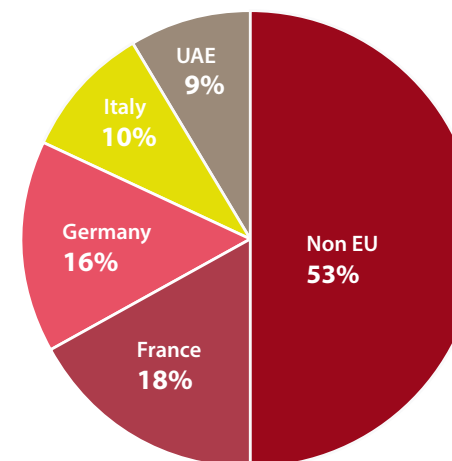
There are **18,257** foreign companies in Spain (slightly over **2%** of all businesses in the country) with a turnover of **€488** billion, **28%** of the total! About **1.3 million** people are employed in them accounting for **15.7%** of the country's workforce!

INVESTING IN SPAIN

FDI: Foreign Direct Investment (2016)



Turnover of FDI (2016)





INVESTING COMPANIES

ABENGOA



Capgemini



Conserve Italia
Soc. coop. agricola



Damm



FRUVECO

gasNatural

GRIFOLS



FRUTAROM
FOUNDED 1933

GENERAL DYNAMICS
Servo Drive Systems



TAKASAGO



PCS GRAPHIC
ARTS GROUP

MAXAM



NTT DATA



YANMAR



INVEST IN MURCIA

BENEFITS OF SETTING UP IN MURCIA



BENEFITS OF SETTING UP IN MURCIA

Modern, efficient healthcare system

Cost of living below the national and European averages

Legal system enduring business and social stability

Low level of labor conflicts

Fiscal system favoring expats

The only legislative region in Spain with a Fast Track for Investment

Flexible legal framework for recruitment and dismissal

Quick access to key European and Northern African markets



INVEST IN MURCIA

REASONS TO INVEST

10 REASONS TO INVEST IN MURCIA

1. We are **1.5** million and **15%** of us are foreigners
2. We have over **300** days of sunshine a year
3. We have **7** universities located within **150** km
4. We have **1** of the world's 5 holy cities
5. We received the **2 largest investments** ever made in Spain (*Sabic and Repsol*)
6. With only **2.2%** of the country's territory, we produce **20%** of national food exports
7. We handle **21 million** tons of cargo yearly
8. We transfer **14 million** passengers
9. By law, we are the only Region in Spain with **Fast Track for Investments**
10. We are Murcia, we are **ready!**



CONTACT



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The experience and know-how of **old traditional companies**
combined with the drive and determination of **young entrepreneurs**.

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