



THE VALENCIAN COMMUNITY ECONOMY AND THE VITAL ROLE OF COMMERCIAL AGENT

May 2019





Spain: Key Player in the World Economy

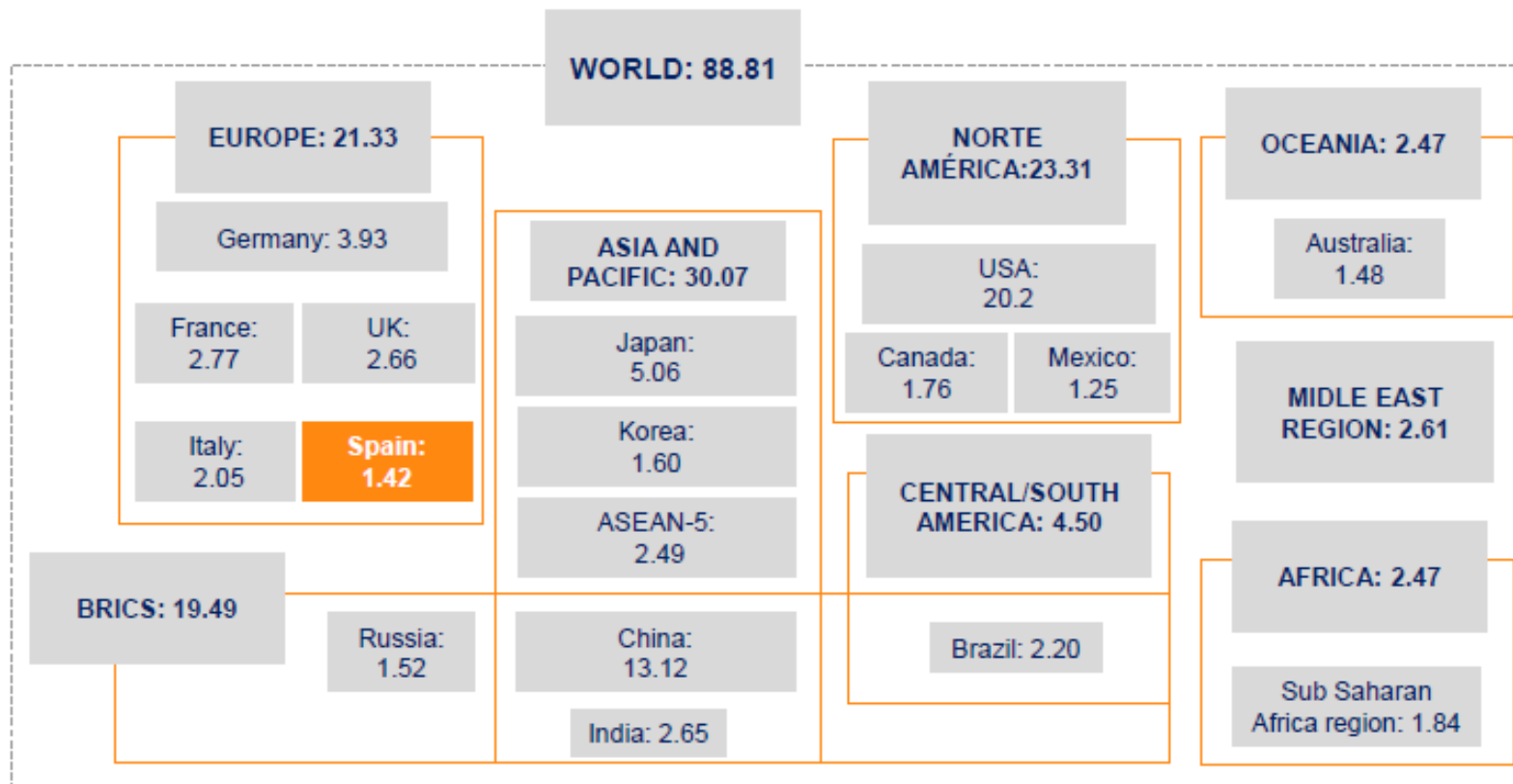
1. World's 14th largest economy and the 5th largest economy in the EU: GDP worth 1.4 trillion USD.
2. 2nd country world wide in international tourist arrivals
More than 82 million international tourists in 2018.
3. Total population of 46.6 million.
4. Spanish companies are among leading companies in the world.



5. Forefront of renewable energies, high-speed, motor industry, transport, logistics, IT, communication and healthcare technologies and Biotech.

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 trillions



• Source: International Monetary Fund, 2018. Data Referred to October, 2017



1 // VALENCIAN COMMUNITY

	Valencia 	Spain 
Surface km2	23,255 4,6%	505,990 100%
Population	4.9 10,6%	46.6 100%
GDP 2018 (€ bn)	109 9,6%	1,420 100%
GDP per capita 2018 €	22.034 88,8%	24.100 100%

- ✓ 3rd Spanish region in terms of GDP
- ✓ Located on the Eastern coast of Spain.
- ✓ It incorporates the provinces of Valencia, Castellón y Alicante.
- ✓ 3rd most exporting community



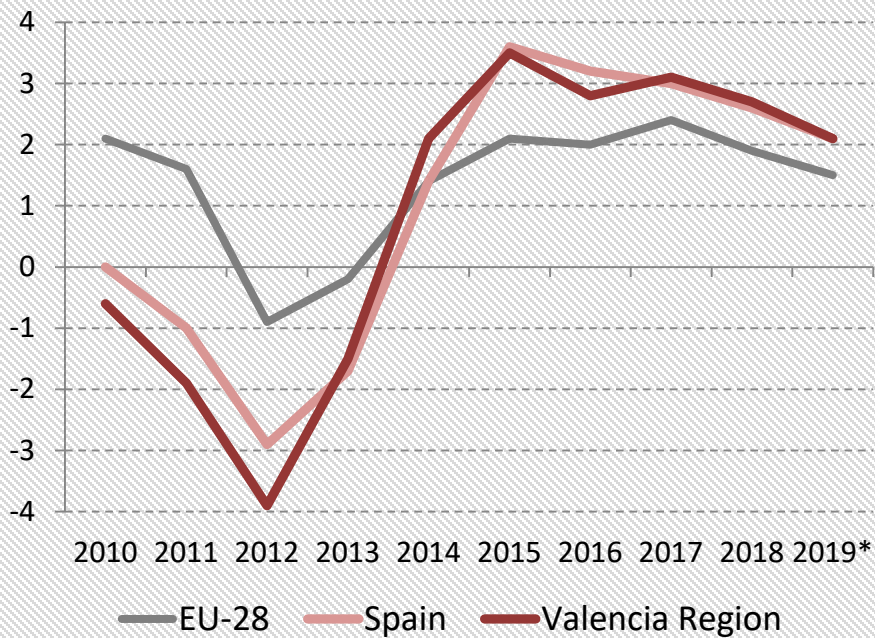


REGION OF VALENCIA

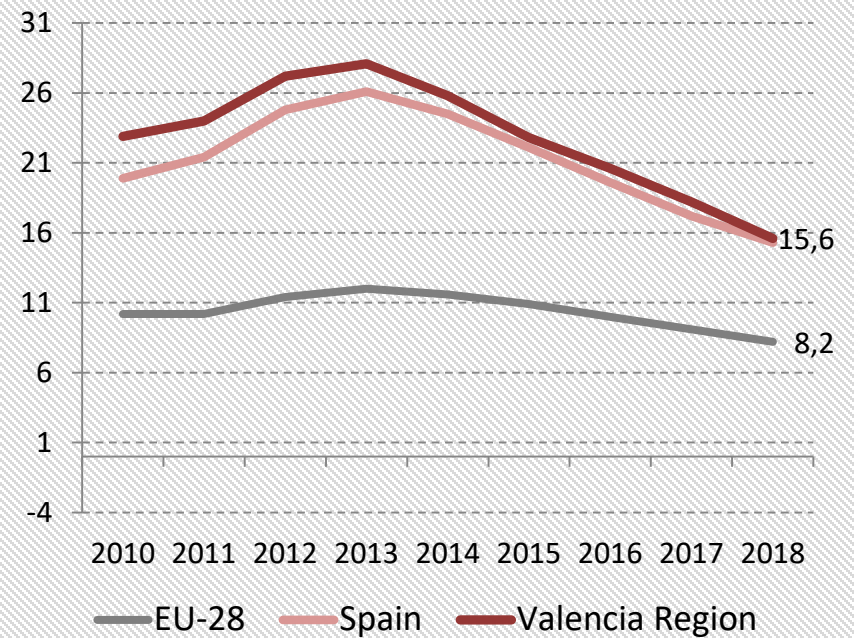
Situated in the center of the Mediterranean Arc, one of the axes of European economic and logistic development. It's the third largest Spanish region. Its size is similar to that of countries like Hungary or Kuwait.

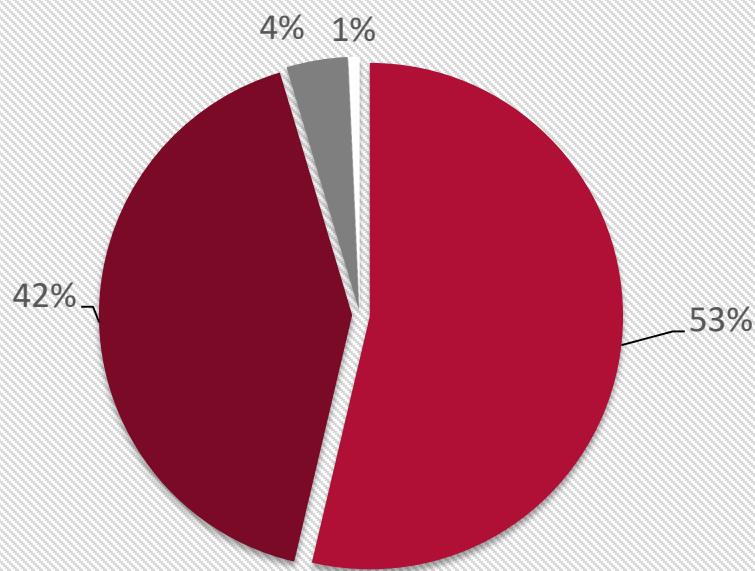
- EXCEPTIONAL GEOSTRATEGIC POSITION.
- Quick access to the national and European markets
- Logistic hub in the South of Europe.
- Gateway between North Africa and Europe and a link to Latin America.

Real GDP (Annual percent change)



Unemployment (%/active population)

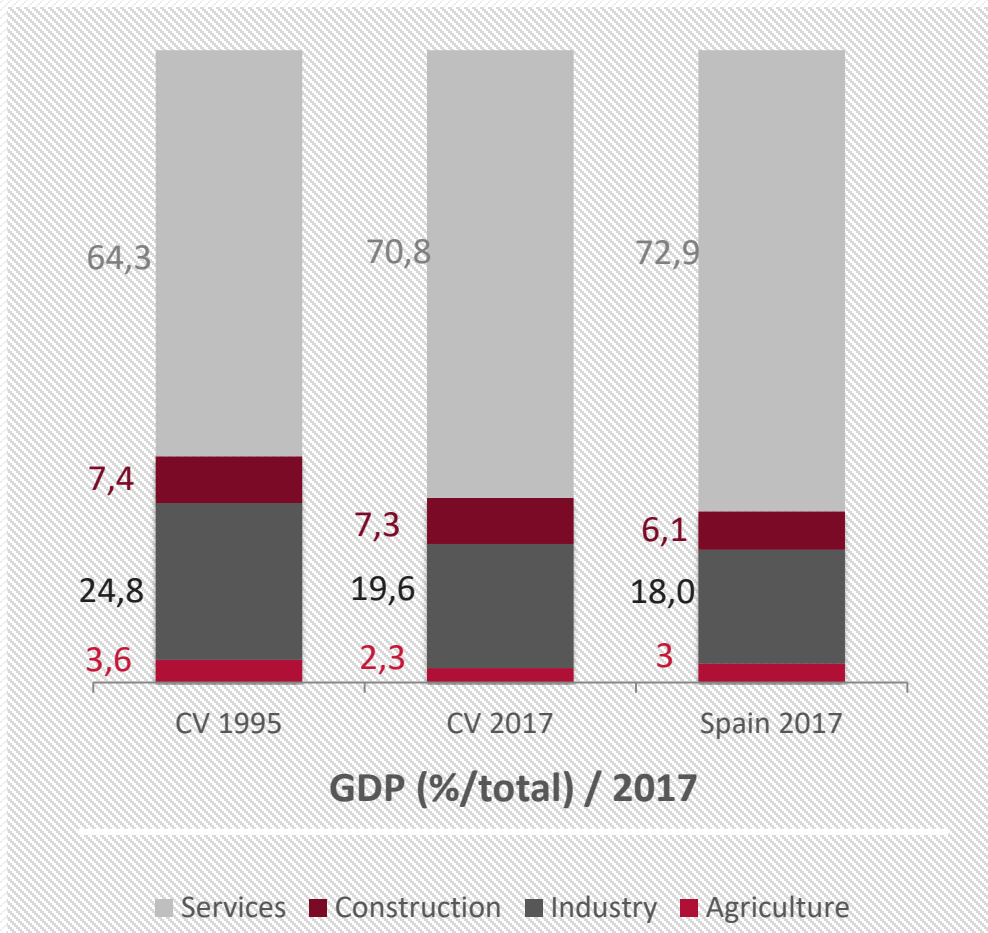




- Without employees
- 1 to 9 employees
- 10 to 49 employees
- More than 50 employees

Business map

- 356,480 companies in the region (2017)
- Valencian company is small size and has familiar character.
- More than a half has not employees and the 42% has less than 10 employees.
- **Many opportunities for the Commercial Agents**
- Business activity is oriented towards producing goods and services for final consumption.
- Specialized and concentrates its activity in the **food and beverage sector**.
- Headquarters of large national and international companies.



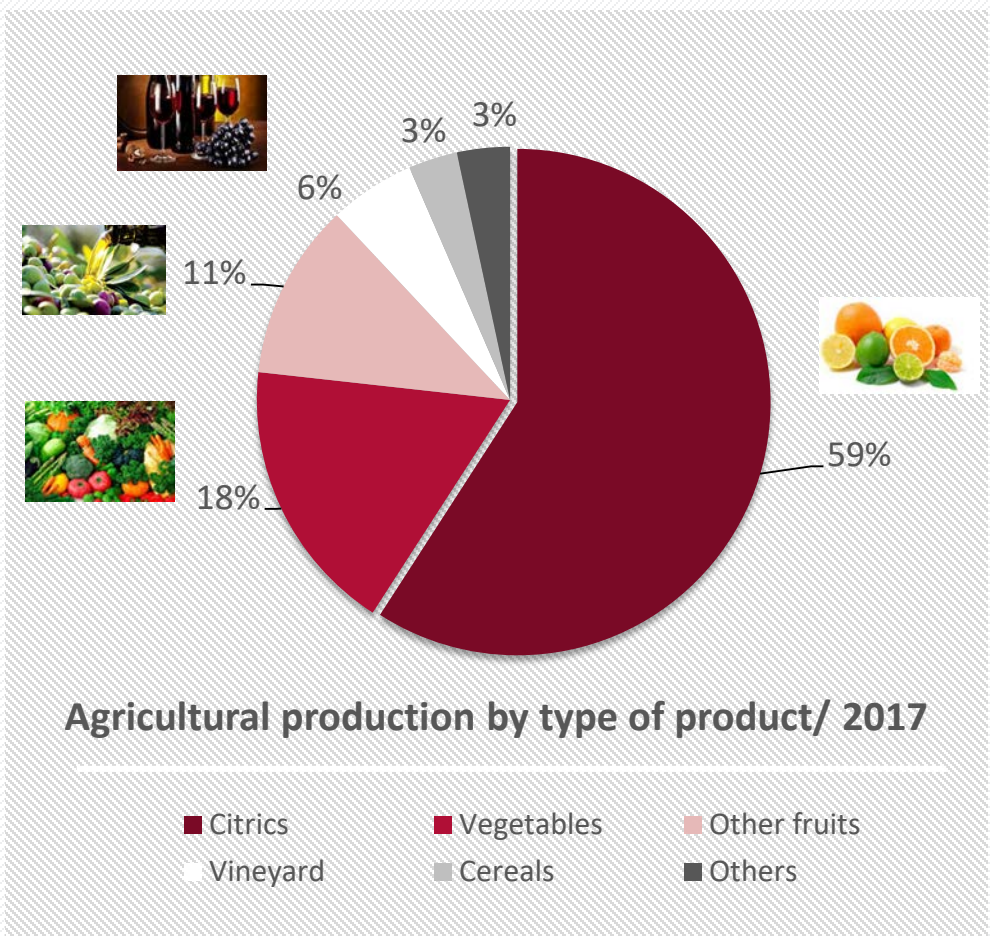
Productive Structure

Open, dynamic and diversified Economy.

- ✓ **Services** weighed 70% of the regional GDP in 2017. Tourism represents a share (12% of GDP)
- ✓ The **industrial sector** represented 20% of the regional GDP in 2017. Automotive, food and beverages, chemical, building materials and textile companies.
- ✓ In the last two decades the weight of the services sector has increased to the detriment of industry and agriculture.

A photograph of a fruit stand with various baskets of fresh produce. The baskets are filled with green grapes, red and green apples, oranges, and strawberries. The produce is arranged in a grid-like pattern, with each basket containing a different type of fruit. The lighting is bright, highlighting the colors and textures of the fruits.

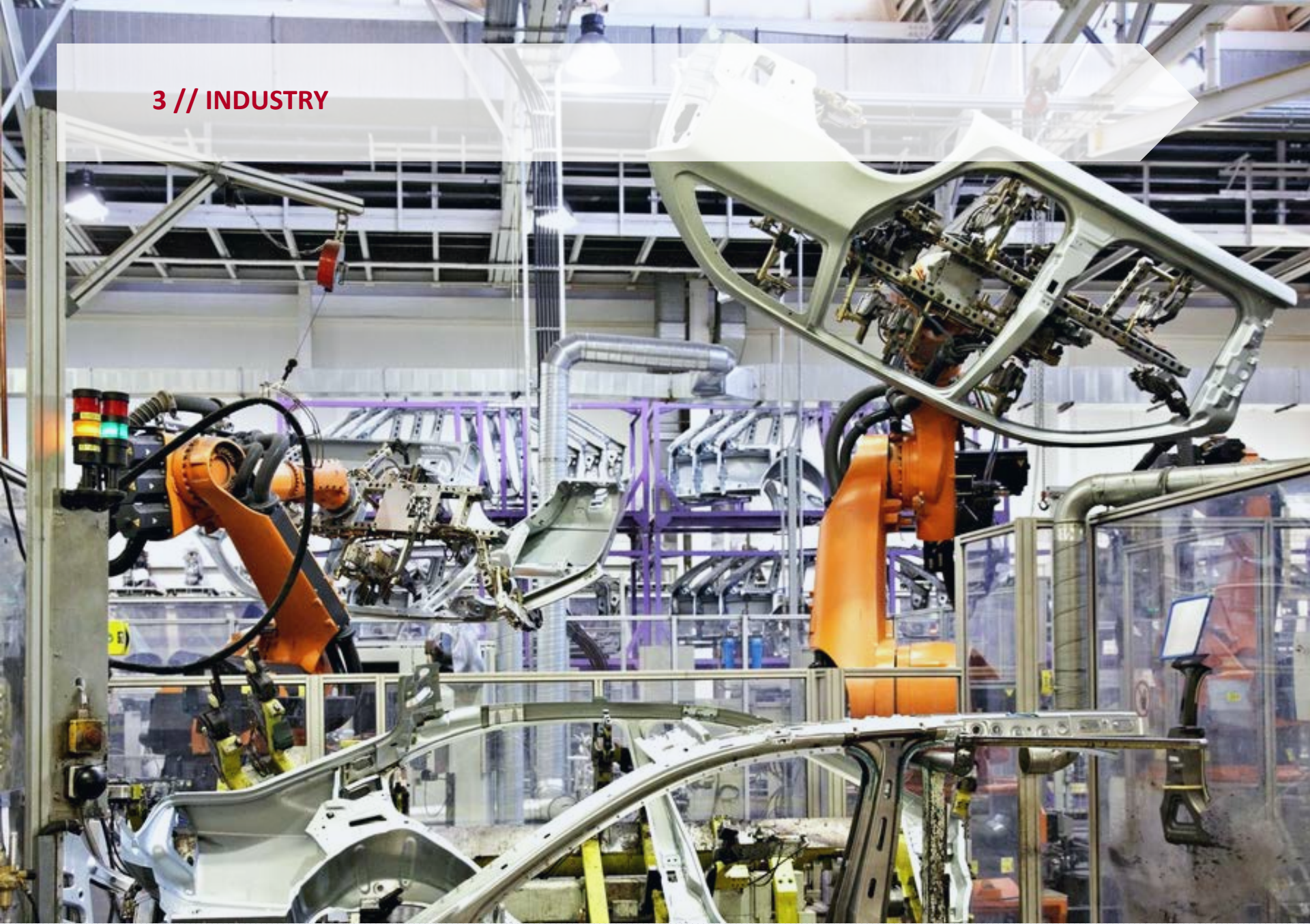
2 // AGRICULTURE

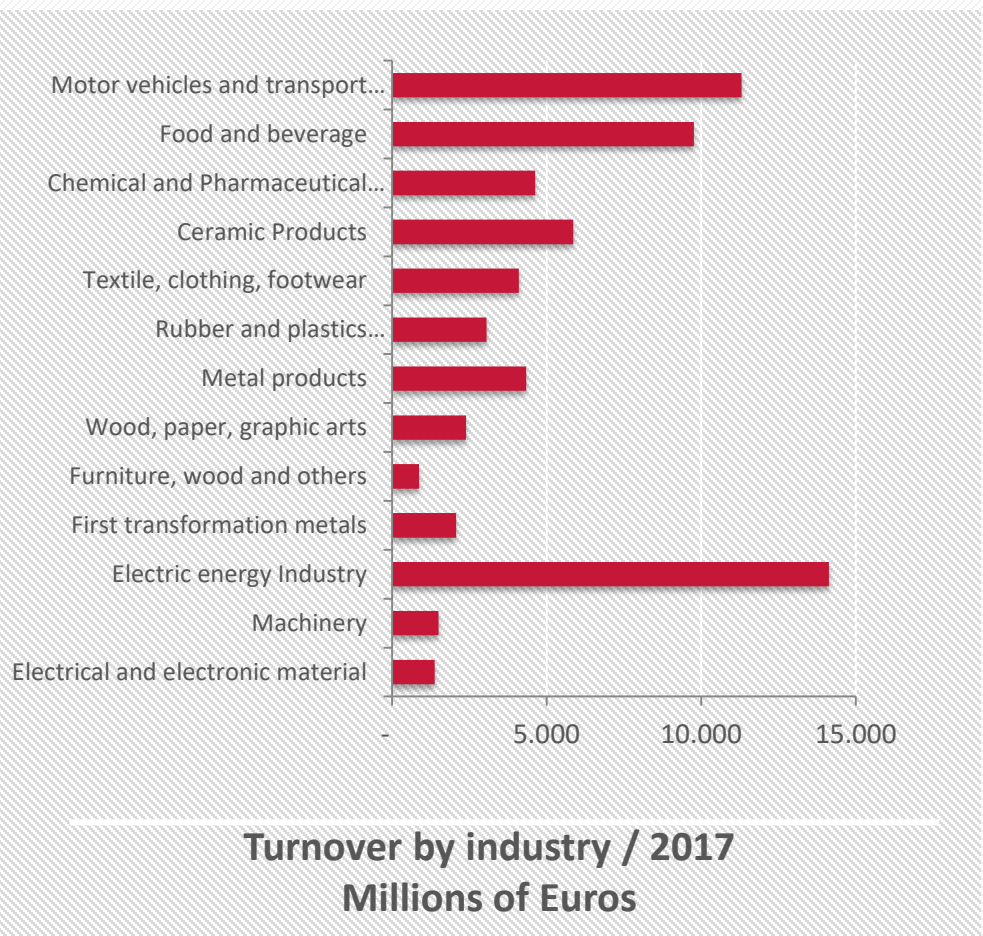


Agricultural production

- The agrarian sector represents 2% of the Valencian economy.
- More than half of the Spanish citrus production comes from the Valencian Community.
- The Model of the region: predominantly intensive and specialized dominated by smallholdings.
- Characterized by: high modernization and International leader in efficient irrigation models
- 80% of the production goes to foreign trade; Fruits and vegetables are the second product exported by the CV.
- Fast growth of alternative crops: persimmon and pomegranate.

3 // INDUSTRY





Represents 20% of GDP

Highly diversified industry: 25,510 companies.

Characterized by: sectoral concentration as well as by its clear export orientation.

The region is endowed with a wide network of suppliers and related industries of recognized international prestige.

Sectors with more weight in VR:

- Energy Industry: 24%
- Automotive 16%
- Agri-food 14%

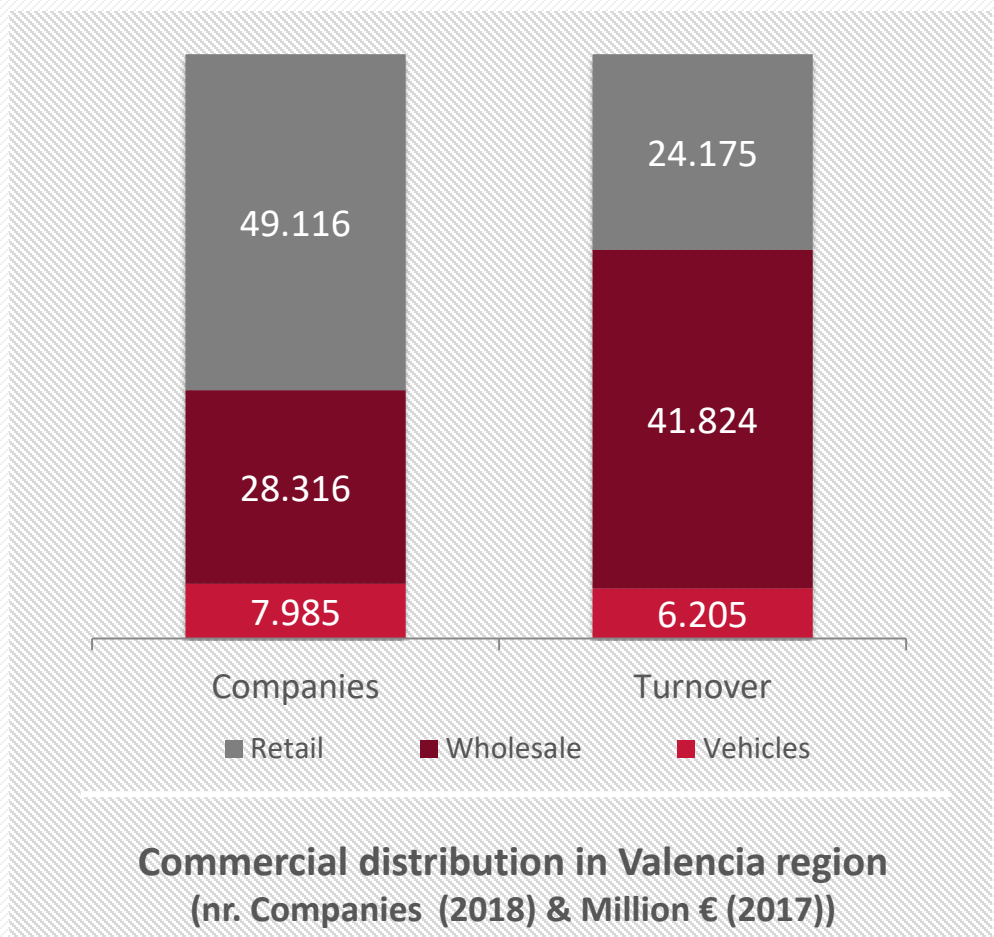


Features industrial base:

- Robust industrial base dominated by clusters.
 - ✓ **Ceramic tiles industry:** National Leader (95% spanish production). First european producer.
 - ✓ **Agri-food Industry:** 10% total national.
 - ✓ **Chemical, cosmetic and plastic Industry.**
 - ✓ **Vehicles** and components: led by Ford Company
 - ✓ **Footwear Industry:** 62% spanish production (45% of spanish exports).
 - ✓ **Furniture Industry.** 16% spanish production

4 // COMMERCIAL DISTRIBUTION





Features

- 85,417 commercial distribution companies employed 375,567 people in 2017. 58% are retail.
- Atomization of the retail trade.
- 55 shopping centers.
- Major international distribution companies: Carrefour, Alcampo, Leroy Merlin, Bahaus, Ikea, H & M, etc.
- Two of the six largest companies in the agri-food distribution are Valencian:
 - Mercadona and Consum.
- Only Mercadona accounts for almost a quarter of the food distribution market in Spain.

5 // TOURISM





Valencian Community as tourist destination

It has evident advantages to attract tourism: Excellent climate with mild winters and sunny summers, more than 500 kilometers of coast, high quality, tourist infrastructure and leisure (2 theme parks, natural parks) and good transport infrastructure.

2018 Historical record

- Tourism generates 12% of GDP.
- 5th tourist destination in Spain, and 3rd in the Peninsula
- 9.2 million foreigners.

Sun & Beach Tourism

More than 3.7 million foreigners stayed in hotels in 2018:

- 32 % English
- 16 % French
- 7 % non-European

Residential Tourism

The Valencian Community is leader in Spain.

Cruise tourism

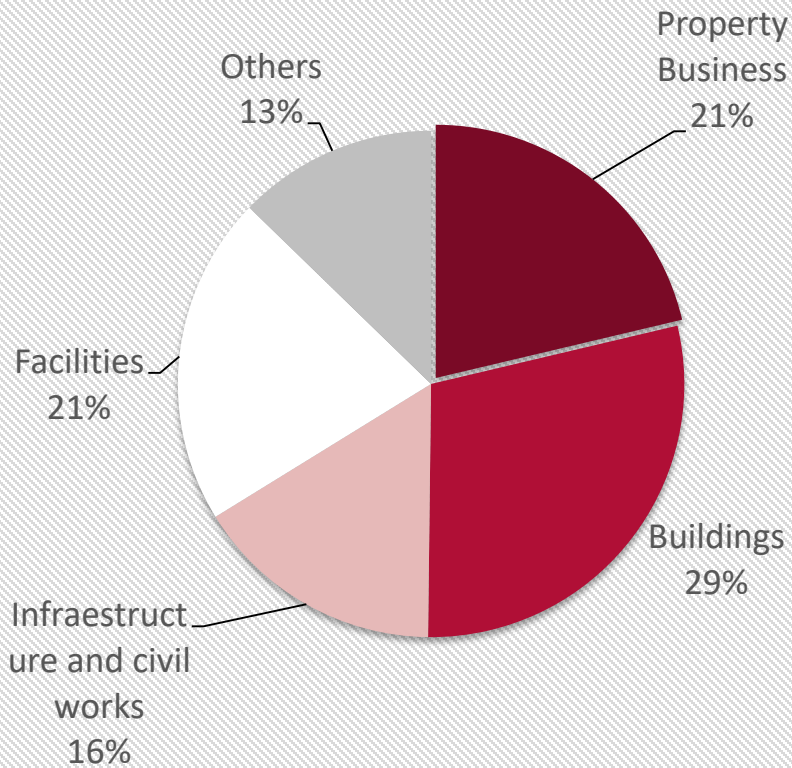
249 cruises and 1.3 million passengers in 2018.

Diversification

- Rural tourism
- Wine tourism
- Cultural tourism: about 2 million visitors only in the city of Valencia in 2017

6 // CONSTRUCTION



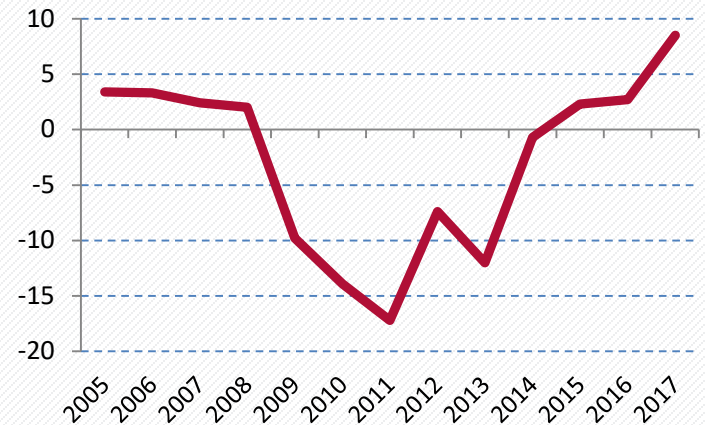


Construction activities distribution 2016

Construction_2017

- Number companies: 19,865
- Turnover: 10,946 millions of euros
8,7% of total spanish construction.

Evolution of construction turnover (% var.)







Port infrastructures

- ✓ **Exceptional geostrategic position** in the middle of the Western Mediterranean Arch.
- ✓ In line with east-west maritime corridor crossing the Suez Canal and the Straits of Gibraltar.
- ✓ Makes its the first and last call for the regular shipping lines btw three Continents.
- ✓ Quick access to national and European markets and makes it a true **logistic hub in the South of Europe**.
- ✓ It has excellent transport connections: Extensive network of quality motorways and railways.



Valencia Port:
The biggest commercial port in the
Mediterranean

- Port system: There are 5 ports in the region:
 - ✓ Castellon
 - ✓ Alicante
 - ✓ Valenciaport: Sagunto, Gandia and Valencia.
- **ValenciaPort is :** (in terms of the number of containers handled).
 - The largest commercial port in Spain and the Mediterranean.
 - The 5th-largest in Europe
 - The 31st-largest in the world
- Natural port for the capital city and inland cities such as Saragossa.
- As a logistic hub can distribute goods within a radius of 2,000 kilometres, reaching 243 million consumers.
- **Alicante Port:** ships to North Africa, the Balearic Islands and the Canary Islands.
- **Castellon Port:** chemical & ceramics industries.

Road network: the Valencian Region is connected by road to the rest of Spain and Europe through a network of fast roads.

- ✓ A-3 which reaches Madrid in 3.5 hours and links up with the rest of the motorways connecting all of the other major Spanish cities.
- ✓ The A-7 connecting France with Algeciras.

Railways: we have excellent railway connections for passengers and goods.

- ✓ Spain is the country with the 2nd-longest high-speed railway network in the world. The AVE connects Valencia and Alicante to Madrid.
- ✓ The Valencian Region is part of the Mediterranean Corridor, the main railway from France to Murcia.

Air connection: we now have 3 international airports located in Alicante (El Altet), Valencia (Manises) and Castellon.

- ✓ Alicante airport is the 3rd-largest in the Iberian Peninsula in terms of passenger numbers, handling more than 9.5 million people in 2017.



8 // INVESTMENT





The third part of the foreign capital that receives Spain is invested in the Mediterranean Regions

Foreign Direct investment

In 2018, FDI rose 965,230 Millard € in the Valencia Region.

Main investors:

- European Union: UK, Italy, France
- USA
- China, Hong Kong
- Middle East: Qatar
- Russia, Turquía

Advantage

- Quality industrial flooring
- Labour cost lower than the Spanish average
- Low labour conflict
- Technological infrastructures
- Infrastructures net
- Logistic Activity Zone at Valencia Port

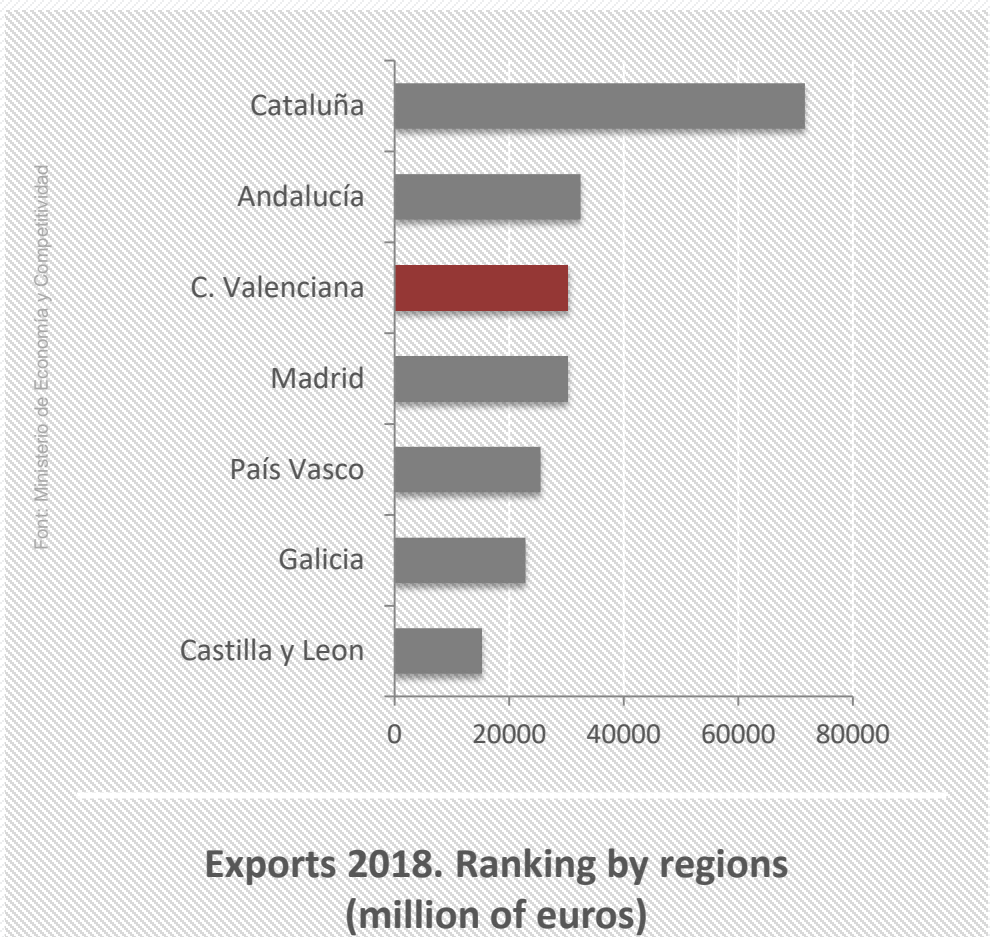


Presence of big multinationals in the Valencia Region

SECTOR	COMPANY
Automobile Transport	FORD ESPAÑA STADLER RAIL NOROTO INTERNACIONAL
Chemical Sector	GRUPO BAYER FERRO CORP
Agrofood Sector	ROQUETTE FRERES EUROGROUP UNIVEG COCA COLA
Commercial Distribution	ALCAMPO CARREFOUR
Servicies	INTERNATIONAL CAR RENTALS

9 // FOREIGN TRADE





3th largest exporting region

- They represent 10.6% of total Spanish exports.
- 15% of the exporting companies are located in the Valencian Community

Exporting tradition

- 23,986 / Valencian companies exported in 2018
- 7,703 / Companies export often
- 858 / Companies established abroad

Font: Ministerio de Economía y Competitividad



**Evolution of Foreign Trade
Valencian Community**

50 % GDP

- Exports and imports mean more than half of GDP.
- Valencian foreign trade is traditionally a surplus.

Exports / Imports

Million €

2018	EXPORTS	IMPORTS
Valencian Region	30,324	27,464
Spain	285,023	318,864

Font: Ministerio de Economía y Competitividad

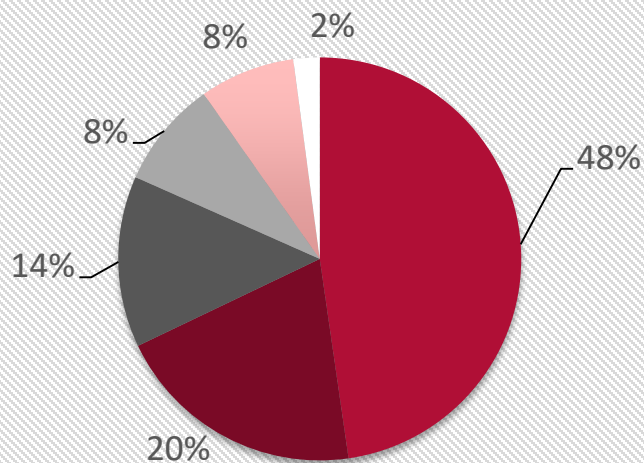
	Thousand € 2018	% var. 18/17
Motor vehicles	7,130,084	-8.53
Edible fruits and nuts	2,974,705	-3.41
Ceramic Products	2,767,093	1.54
Machinery and mechanical appliances	1,659,275	2.77
Mineral fuels and oils	1,256,978	223.13
Footwear and parts thereof	1,236,174	2.05
Plastics and articles thereof	1,118,918	8.4
Tannin or dyeing extracts, dyes, pigments	1,072,355	7.77
Edible vegetables and certain roots	744,206	-0.34
Furniture, chairs, lamps	684,121	8.39
Electrical machinery and equipment	657,583	11.36

Main exported goods 2018

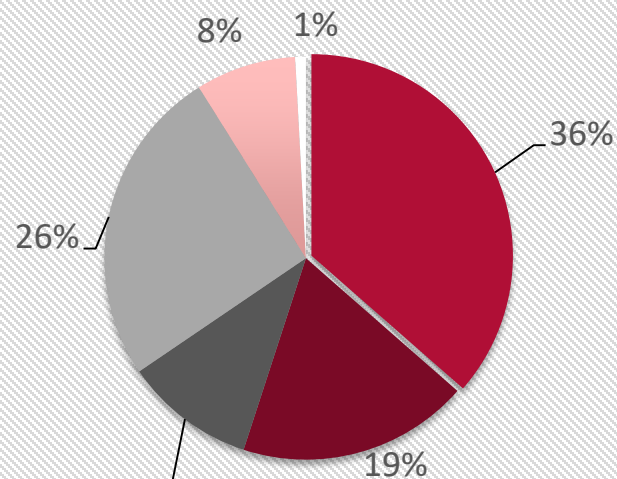
Valencian exports

- The main exported products are the vehicles and their components. The presence of the multinational has developed a competitive cluster of companies in the component sector.
- Agrofood products represent 20% of total exports.
- The Valencian Community is the main exporter of ceramic tiles in Spain and the third in the world.
- High specialization consumer goods export: footwear, textiles / clothing and furniture. The restructuring of these industrial sectors has specialized in products of design, quality and greater technological intensity.
- High dynamism of products with higher added value: chemicals (cosmetics, fertilizers), electrical equipment, precision equipment.

Exports 2018



Imports 2018



■ Zona euro ■ Resto Europa ■ América ■ Asia ■ Africa ■ Otros

Export distribution by geographical zones

Markets

- Euro Zone is the first market of Valencian Region.
- Significant diversification to other markets in recent years

Font: Ministerio de Economía y Competitividad

	thousands € 2018	% var. 18/17
Motor Vehicles	4,332,028	-2.85
Mineral fuels and oils	2,874,954	37.52
Machinery and mechanical appliances	2,744,870	1.73
Electrical machinery and equipment	1,506,416	6.39
Plastics and articles thereof	1,403,625	9.46
Iron and steel	1,070,095	7.43
Footwear and parts thereof	884,741	4.25
Edible fruits and nuts	759,910	1.6
Furniture, chairs, lamps	617,599	16.78
Fish, crustaceans, molluscs	597,384	4.57
Optical, photographic, cinematographic, measuring, checking, precision, medical	549,311	-8.34

Main imported goods 2018

Valencian imports

- The main imported product are vehicles.
- Machinery and electrical equipment represent more than 16% of imports.
- The Valencian Community is energy deficit, reason why the imports of fuel are important.
- Valencian industry is the largest demander of intermediate goods and raw materials: plastics, rubber, iron and steel, chemical products ...

Suppliers

- CHINA is the main supplier of goods of the Valencian Community (11.6% of the total), mainly footwear, equipment, furniture, toys.
- About 37% of imports come from the EURO ZONE.
- The USA has increase weight as a provider: sixth in the ranking.



Thanks for your Attention

Marta Rubio

mrubio@camaravalencia.com

963103972

Valencia Chamber of Commerce