

2023

FOREIGN INVESTMENT IN CASTILLA-LA MANCHA

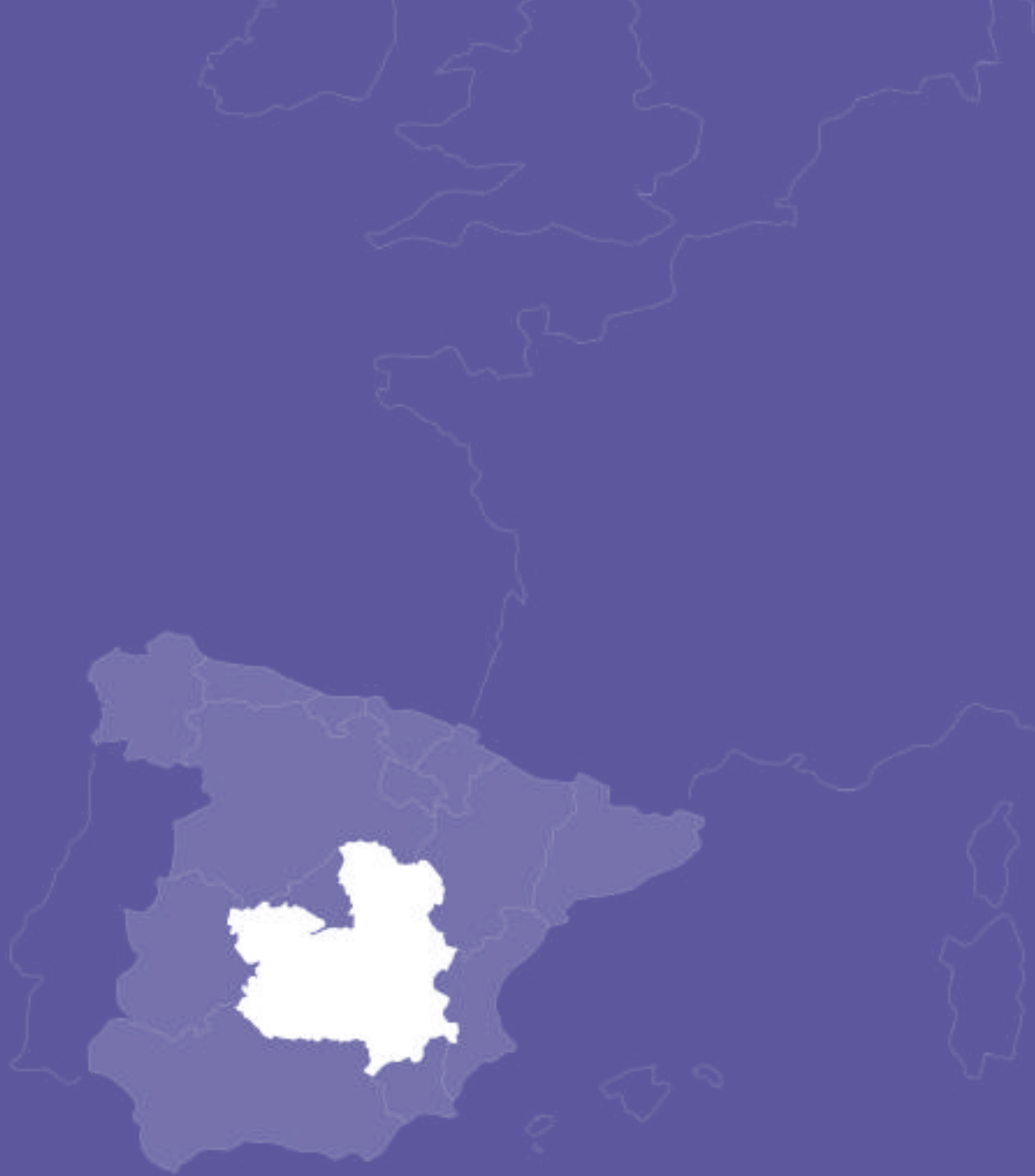
First quarter of 2023
| June 2023



Castilla - La Mancha



IPEX



Foreign Investment in Castilla-La Mancha

First quarter of 2023 | June 2023

Report prepared by **Sifdi**

2023

Foreign Investment in Castilla-La Mancha

First quarter of 2023 | June 2023

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Executive Summary

Global and national context

International investment flows remain weak in the face of economic and financial instability and the ongoing war in Europe. Indeed, the main multilateral organizations and think tanks expect investors to be more cautious in their decisions regarding FDI, at least in the first half of 2023. An improvement in global economic and geopolitical conditions could lift FDI flows from the second part of the year.

Pending the final data from UNCTAD for 2022 on global cross-border flows (FDI), which will be released shortly, the data provided by this entity at the beginning of the year indicated that the previous negative situation had particularly affected the financing of international projects (*Project finance*) and cross-border mergers and acquisitions (*M&A*), which in global terms fell by 6%. Greenfield projects, however, resisted better, thanks to the momentum in the first part of the year and the volume invested in a small number of megaprojects in the renewable energy and semiconductor sectors.

Spain, one more year, seems to have remained on the sidelines of this negative global trend. Thus, according to data published on March 21 by the Foreign Investment Registry, in 2022 gross foreign investment in Spain reached 34,360 million euros, 14.4% more than 2021, a year in which flows remained stable despite the pandemic.

FDI in Castilla- La Mancha in 2022

According to the Investment Registry, in 2022, Castilla-La Mancha attracted 567 million euros of investment,

with almost no disinvestments in the year. This figure, the highest historical flow in the region, is three times higher than the previous year (+202.5%), and 244% higher than the average of the last decade.

Castilla-La Mancha thus ranked as the seventh region that attracted the most investment in 2022, a year marked by strong increases in investments received in a large part of the Spanish regions.

As has happened in the last decade, acquisitions played a relevant role in the 2022 figures: they accounted for 54% of the flows received in Castilla-La Mancha, ahead of expansions (investments from already established foreign companies), 39%, and of the new investments (greenfield or brownfield), the remaining 7%.

In 2022, almost all of the investments in Castilla-La Mancha came from OECD countries, 78% of them from European countries, and 22% from North America. Investments from Latin America, Asia and Africa were marginal last year.

In 2021 three countries invested more than 20 million euros in Castilla-La Mancha (the Netherlands, Israel and France). In 2022 there were notable investments from Germany (212 million euros, with important operations in wholesale trade of spare parts and vehicle accessories), the United States (124 million euros, mostly in Aluminum production and Electricity supply), and Italy (100 million euros, entirely in Electricity supply). Another 3 countries (France, the Netherlands, and the United Kingdom) exceeded the level of 10 million euros of investment last year.

Preview of the first quarter of 2023

The investment statistics for the first quarter of 2023 at the national level are promising, with a total of 9,912 million euros of foreign investment received in the country as a whole. This value is higher than the quarterly averages of the last five years (8,591 million).

It should always be remembered, however, that quarterly figures must be taken with extreme caution, since they amplify the effect of large acquisition operations that are recorded at a given moment. To a large extent, this seems to be the case, since 48% of total investment registered in the first three months of the year corresponds to acquisition operations, and a similar figure (42%) to the expansions carried out by resident companies with foreign capital, which in some cases is a step prior to a later acquisition.

In this sense, the statistics of the main regions receiving flows in the first three months of the year are highly marked by specific one-off acquisition operations in sectors such as Crude extraction (Madrid, 3,400 million), Healthcare (Region of Valencia, 1,722 million), or Fertilizers (Murcia, 354 million).

In this context, Castilla-La Mancha's performance during the first quarter of 2023 was satisfactory, with 53.2 million worth of investments received, in line with the quarterly averages of the last five years. This figure places Castilla-La Mancha in eighth position among the Spanish regions.

By type of operation, almost all of the investments in Castilla-La Mancha during the quarter (96%) were other expansions, while acquisitions represented just over 3%.

The Registry barely registered any greenfield projects in this period.

In the first months of the year, investments in Castilla-La Mancha from Italy (30.6 million) and France (20.7 million) in Electricity supply stood out.

Stock of employment

According to data recently published by the Registry, the evolution of employment derived from foreign investment in Castilla-La Mancha has been very notable since 2015 (+96%). After five years of continuous growth in the 2015-2020 period, at the end of 2021 there were 61,098 jobs linked to FDI in the region, consolidating the strong increase registered the previous year. The stock of employment linked to foreign investment represented 7.2% of the employed population in Castilla-La Mancha in 2021.

Six countries (France, the United States, Germany, Switzerland, the Netherlands and the United Kingdom) account for 67% of employment in foreign capital companies in Castilla-La Mancha. In 2022, the rise in employment linked to investments from the Czech Republic in retail trade were particularly noteworthy.

The Services sector concentrates 63% of employment, ahead of Industry (32%, compared to 26% nationwide), Construction (3.5%) and Primary Sector (1.9%).

Castilla-La Mancha received 567 million euros of investment in 2022, a record high for the region.

In the first quarter of 2023, CLM attracted 53.2 million in investments.

Investment Position and fixed tangible assets

The foreign investment position in Castilla-La Mancha stood at 1,331 million euros at the end of 2021. Stock levels, highly marked by the headquarters effect, have remained relatively stable in the region, above 1,000 million since 2010. Last year, it represented 3.1% of regional GDP, a figure that does not reflect the real importance of FDI in the local economy. This is due to the fact that Castilla-La Mancha suffers the greatest headquarters effect of all the Spanish regions -measured in terms of fixed tangible assets in relation to the investment stock-.

Fixed tangible assets, pending the final data for 2021 that will be released in the summer, have kept growing since the Registry offers data. At the end of 2020, they represented 5,315 million euros, 13.4% of the regional GDP in the year, a figure 58% higher than in 2015.

Greenfield projects

According to the fDi Markets database of the Financial Times, which includes the cross-border projects of new productive investment announced according to their intended destination, in 2022 new records were set in Castilla-La Mancha in terms of the number of projects announced in the region (30), investment (\$3,378 million) and employment announced. These data are 45%, 226%

and 71%, higher, respectively, than the figures of the previous year.

These figures have increased notably since 2015, with a very significant rise as from 2018. In the last five years, 20 projects have been announced in Castilla-La Mancha each year, with an annual investment close to \$1,400 million and the generation of more than 3,500 jobs each year.

Foreign capital affiliates

According to data offered by alternative sources such as SABI (D&B), at the end of 2022, Castilla-La Mancha had 267 foreign capital companies based in the region (companies controlled by a foreign Global Ultimate Owner, or with direct foreign shareholders controlling 10% of the company or more).

Key Messages

- In 2022, Castilla-La Mancha attracted FDI flows worth 567 million euros, the best record in the historical series. 54% of these flows corresponded to cross-border mergers and acquisitions, ahead of 39% of reinvestments or expansions of already established companies.
- In 2022, three countries exceed the level of 100 million investment in Castilla-La Mancha: Germany (212 million), the United States (124 million) and Italy (100 million). Another 3 countries, France, the Netherlands and the United Kingdom, invested more than 10 million in the region.
- In the first quarter of 2023, Castilla la Mancha received 53.2 million euros of investment, practically all (96%) of the investment in the category of other expansions. In the first months of the year, the investments of Italy (30.6 million) and France (20.7 million) in Electric power supply stood out.
- Investment in Castilla-La Mancha in the last decade concentrated in the Industrial sector (64.1%), Services (27.7%), the Primary Sector (4.5 %), and Construction (3.6%). In 2022, the Services sector absorbed 42% of investments, while Industry absorbed 59%.
- In 2022, maximums have been set in Castilla-La Mancha in terms of greenfield investment projects. fDi Markets reports 30 new investment projects, 45% more than the previous year, with an associated investment of \$3,378 million, also the highest in the series, and the generation of 5,637 local jobs.
- The investment position or investment stock, which is very influenced by the well-known 'headquarters effect', amounted to 1,331 million euros, 3.1% of regional GDP (2021). Fixed tangible assets, for their part, stood at 5,315 million euros, 13.4% of regional GDP.
- The stock of employment linked to foreign investments in Castilla-La Mancha reached 61,098 jobs in 2021, 7.2% of the employed population in the region.

Summary table of the main statistics on Foreign Investment in Castilla-La Mancha

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
A. Gross Productive Investment Flows, Millions of Euros Investment Registry											
CLM	52	25	130	53	108	184	255	78	60	187	567
<i>Evolution</i>	-88.8%	-52.4%	429.1%	-59.0%	102.2%	70.9%	38.4%	-69.4%	-23.2%	212.5%	202.5%
B. Stock of employment Investment Registry											
CLM	30,127	27,660	31,946	31,185	38,248	44,494	46,960	52,842	61,472	61,098	
<i>Evolution</i>	-1.7%	-8.2%	15.5%	-2.4%	22.6%	16.3%	5.5%	12.5%	16.3%	-0.6%	
C. Stock of productive investment, Millions of Euros Investment Registry											
CLM	1,099	1,281	1,476	1,387	1,344	1,423	1,158	1,243	1,388	1,331	
<i>Evolution</i>	-10.6%	16.6%	15.2%	-6.0%	-3.1%	5.8%	-17.7%	6.1%	11.6%	-4.1%	
D. Fixed tangible assets, Millions of Euros Investment Registry											
CLM	3,357	3,013	3,215	3,367	4,432	4,651	5,203	6,352	5,315		
<i>Evolution</i>	2.1%	-10.2%	6.7%	4.7%	31.6%	4.9%	11.9%	22.1%	-16.3%		
E. Cross-border greenfield investment projects fDi Markets - Financial Times											
CLM	4	10	7	4	5	9	14	21	14	21	30
<i>Evolution</i>	-50.0%	150.0%	-30.0%	-42.9%	25.0%	80.0%	55.6%	50.0%	-33.3%	50.0%	42.9%
F. Cross-border greenfield investment, Millions of USD fDi Markets - Financial Times											
CLM	132	285	280	55	168	421	758	984	815	1,036	3,378
<i>Evolution</i>	-38.5%	115.3%	-1.7%	-80.5%	207.5%	151.3%	80.0%	29.8%	-17.2%	27.1%	226.3%

FOREIGN INVESTMENT IN CASTILLA-LA MANCHA

Gross productive FDI inflows

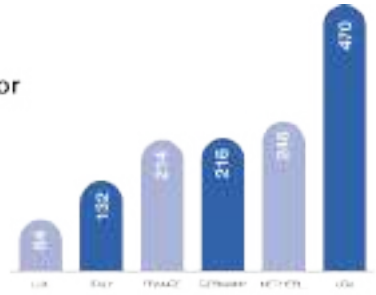
567

MILLIONS OF € IN 2022



Major investor countries

Millions of € 2012-2021



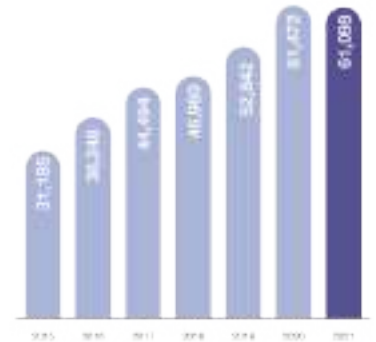
FDI employment in Castilla-La Mancha

61,098

WORKERS IN FDI-RELATED JOBS



Evolution 2015-2021



FDI Fixed tangible assets in Castilla-La Mancha

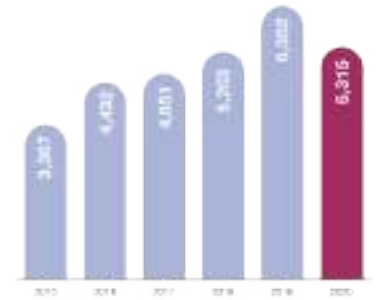
5,315

MILLIONS OF € IN 2020



Evolution

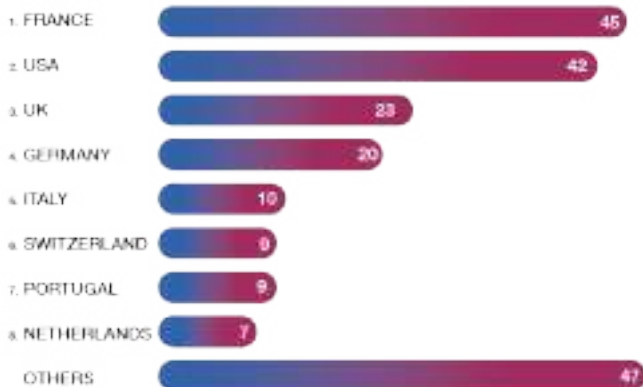
Millions of € 2015-2020



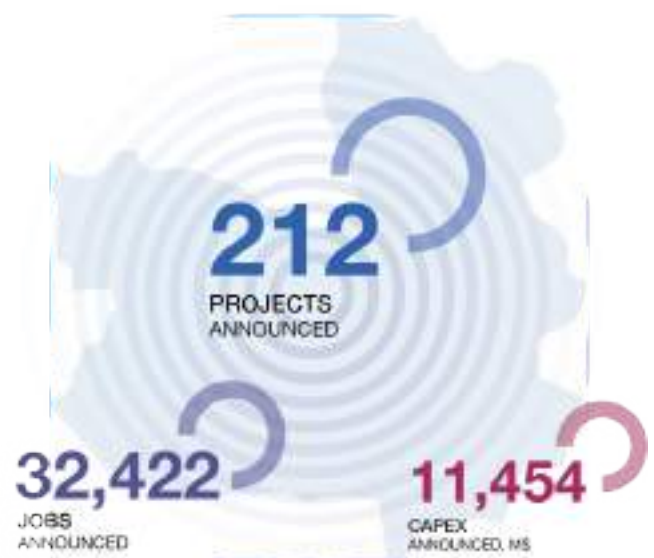
Source: Investment Registry, June 2022

FDI cross-border greenfield projects

NUMBER OF FDI CROSS-BORDER GREENFIELD PROJECTS RECEIVED IN CASTILLA-LA MANCHA 2003-2022



Source: CIMA, March 2023



1.

FDI IN THE WORLD

According to estimates advanced by UNCTAD for 2022, global investment flows increased by 14% during the first half of the year, although these have slowed down since.

The indicators for the end of 2022 revealed an uncertain and regionally uneven outlook for global FDI.

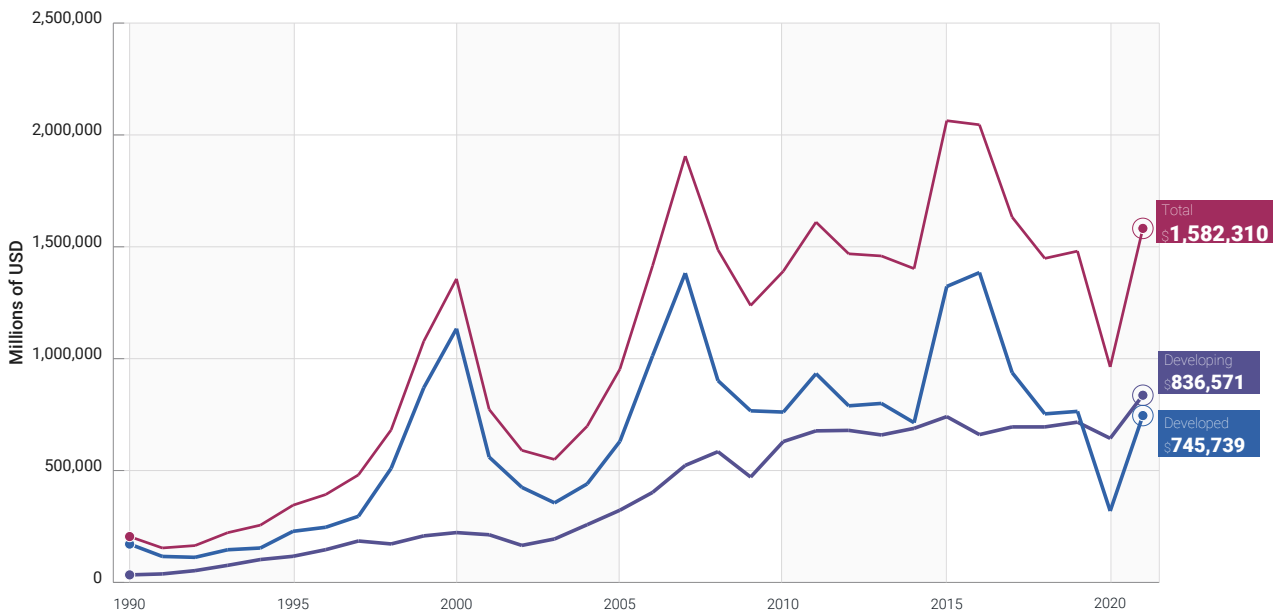


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Figure 1. Evolution of net FDI flows received by level of development
Millions of \$



Source: UNCTAD, June 2022

Key Messages

- **Global investment flows**, according to estimates advanced by UNCTAD for 2022, **increased by 14%** during the first half of the year, although in the second quarter of the year they experienced a 31% reduction compared to the first, reflecting a change in investor sentiment.
- In January of this year, this multilateral organization announced that the rise in interest rates in response to **high inflation rates and uncertainty in financial markets** have particularly affected the financing of international projects (IPF) and cross-border mergers and acquisitions. (M&A), which, in global terms, fell by 6%. The final data for 2022 will be known next June.
- On the other hand, in relation to **greenfield investments**, fDi Markets announced 17,441 cross-border global projects in 2022, 14% more than the previous year, with an associated investment of 1,183,400 million dollars (+62% YoY) and the creation of 2,403,247 jobs (+29% YoY).
- The **volume of projects** in 2022 was still 13% below the highs set in 2018, although the size of the projects, both in terms of announced investment and employment, was notably higher than in 2021 and the averages of the last decade.
- **Western Europe** was the leading region in greenfield projects worldwide in 2022, both in number of projects (34%) and in terms of volume of investment (25%), although it was surpassed by Asia Pacific in employment, with a similar volume of investment. The year-on-year increase in both investment and the volume of employment in projects directed towards Africa, and Egypt in particular, was notable.
- Three sectors occupied the podium in the global volume of new projects announced in 2022: **Renewable Energy** (\$343 billion), **Coal, Oil and Gas** (\$106 billion) and **Semiconductors** (\$92 billion). Eight of the fifteen main operations announced in 2022 in terms of investment corresponded to the Renewables sector and three to Semiconductors. All of them attracted investments of over \$10 billion.
- The weak economic growth expected in **2023** may lead to more conservative behavior among investors and to consolidation strategies instead of expansion in many companies. In addition, and although global inflation is estimated to decrease from 8.8% in 2022 to 6.6% in 2023, the persisting high levels are expected to continue to impact FDI figures for at least the **first part of 2023, making it more difficult to attract foreign investment.**

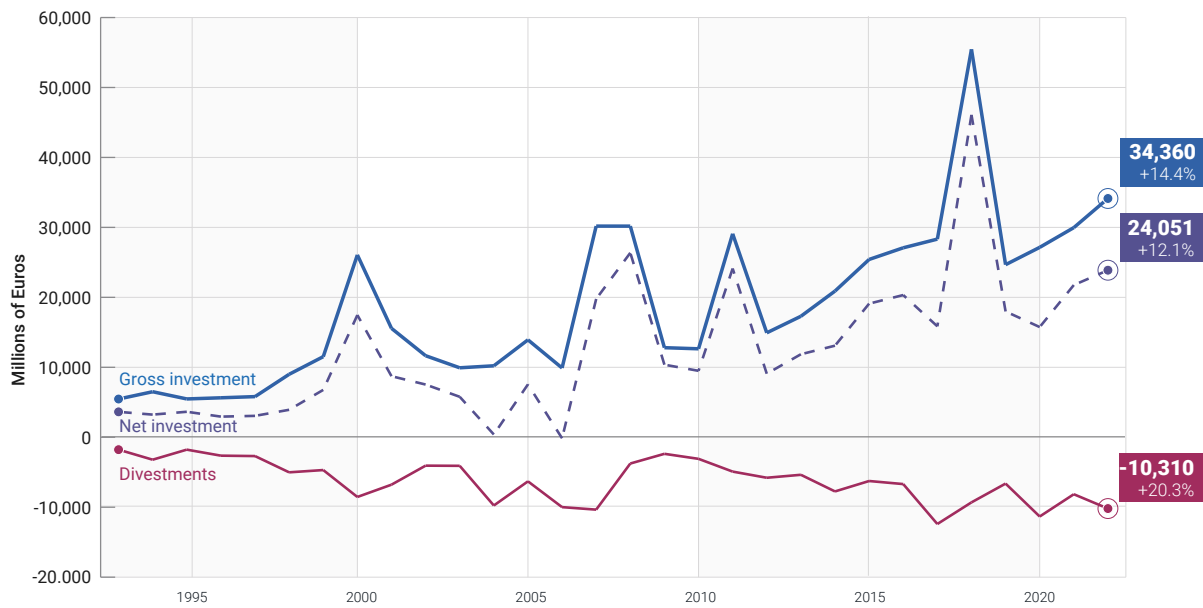
2.

FDI IN SPAIN

Foreign investment in Spain reached 34,360 million euros in 2022, the second highest figure in the entire historical series and 14.4% more than in 2021

In the first quarter of 2023, Spain attracted a total of 9,912 million euros, notably above the quarterly average for the last five years.

Figure 2. Evolution of gross and net productive FDI in Spain
Millions of €, Non-ETVE



Source: Investment Registry, June 2023

Key Messages

- In 2022, Spain received **34,3 billion worth of gross productive investment**, 14.4% more than in 2021.
- This is the **second highest figure in the historical series**, only behind the exceptional data of 2018.
- **Net productive investments also increased by 12.1%, to 24 billion**, after a rebound in disinvestments in the year. In 2022, more than 87% of foreign investments went to unlisted companies.
- Although **acquisitions** remained at the high levels of previous years (12.4 billion, 36% of the total), they lost prominence in 2022 in favor of **expansions** (investments from already established foreign companies, close to 17 billion, 49% of flows), and where double their levels of the previous year. **New investments** (greenfield or brownfield) represented 14% of total investments, below the average of the last five years.
- **The investment statistics in the first quarter of 2023 are promising**, with a total of **over 9.9 billion worth of investments received in Spain**, practically double the average of the first quarters of the last five years. Acquisitions (48%) and other expansions (42%) once again played a leading role, with significant operations in the *Crude Oil Extraction, Health and Telecommunications* sectors.
- Spain receives flows of **productive FDI mainly from other OECD countries** (87% in the last decade, 94% in 2022). Of these, European countries stand out as the main investors (59% in the last decade, a figure that was repeated last year).
- Four countries, the **United States** (€9.5 billion), the **United Kingdom** (€6.1 billion), **Germany** (€4.8 billion) and **France** (€3.4 billion), invested over €2 billion in 2022. Another two countries, Australia and the Netherlands, invested more than 1 billion.
- Investment flows in Spain are mainly directed to the **Services sector** (59% of the flows in the last decade), followed by **Industry** (28%), **Construction** (10%) and the **Primary Sector** (2%). In 2022, Industry significantly increased its share of flows, to 40%, thanks to corporate operations, while investments in Construction (2.5%) were surpassed by the Primary Sector (2.7%).
- In 2022, there were notable acquisition operations in the *Manufacturing Industry, Information and Communications, Energy Supply and Sports Activities* sectors.

Table 1. Regional distribution of FDI in Spain
Millions of euros and Jobs

Region	Inflows			Stock		Fixed tang. assets		Employment	
	2022	YoY	T1-2023	2021	YoY	2020	YoY	2021	YoY
Community of Madrid	17,402	-20.9%	6,699	363,063	4.3%	28,889	1.0%	569,948	8.9%
Basque Country	5,517	258.2%	20	20,239	0.6%	4,970	-4.1%	73,111	-2.4%
Catalonia	3,892	25.8%	450	72,728	7.9%	28,134	-5.8%	360,484	1.6%
Region of Valencia	2,038	135.2%	2,032	8,831	-12.0%	9,161	5.2%	123,931	1.5%
Andalusia	1,240	27.7%	94	10,067	-12.8%	19,824	-4.3%	159,875	-2.6%
Navarre	790	569.5%	0	2,781	26.9%	2,879	0.4%	37,948	-4.2%
Castilla-La Mancha	567	203.2%	53	1,331	-4.1%	5,315	-16.3%	61,098	-0.6%
Region of Murcia	546	462.9%	363	2,779	62.4%	2,740	-8.6%	31,406	22.3%
Aragon	484	140.8%	65	4,468	-8.3%	6,377	1.5%	62,223	-2.8%
Castilla and Leon	474	248.5%	23	5,252	6.5%	7,560	-3.2%	76,137	-4.7%
Balearic Islands	463	86.7%	68	10,798	4.4%	4,511	-10.2%	24,829	0.0%
Asturias	298	562.2%	4	16,086	22.3%	4,387	0.5%	34,831	-1.1%
Canary Islands	270	210.3%	3	2,865	-0.9%	4,209	-16.2%	38,177	4.4%
La Rioja	178	154.3%	1	909	1.8%	683	-5.0%	12,832	15.1%
Galicia	172	-22.9%	36	6,079	-34.1%	5,719	-12.4%	67,864	-1.7%
Cantabria	10	-60.0%	0	781	-47.9%	1,002	-12.0%	18,570	13.8%
Extremadura	9	-50.0%	0	615	-7.9%	1,886	-9.7%	10,858	0.0%
Ceuta and Melilla	0	100.0%	0	214	97.0%	295	-5.8%	1,769	16.0%
Unassigned	8	-93.0%	1						
TOTAL	34,360	14.4%	8,912	529,877	4.1%	138,340	-4.2%	1,765,491	2.9%

Source: Investment Registry, June 2023

Table 2. Normalized gross FDI flows by region
2022

Region	Gross FDI Inflows (Millions €)	FDI/Population (€)	FDI/GDP (%)	FDI/ Total FDI (%)	Population/Total (%)	GDP/Total (%)
Basque Country	5,516.6	2,563.0	7.69%	16.1%	4.6%	5.9%
Community of Madrid	17,401.7	2,582.4	7.42%	50.6%	14.3%	19.4%
Navarre	790.1	1,212.4	3.88%	2.3%	1.4%	1.7%
La Rioja	178.1	570.0	2.07%	0.5%	0.7%	0.7%
Region of Valencia	2,038.8	403.0	1.81%	5.9%	10.8%	9.3%
Catalonia	3,892.5	512.7	1.70%	11.3%	16.1%	19.0%
Region of Murcia	545.9	358.8	1.70%	1.6%	3.2%	2.7%
Balearic Islands	463.1	378.6	1.53%	1.3%	2.6%	2.5%
Castilla-La Mancha	566.8	279.5	1.34%	1.6%	-4.3%	3.5%
Aragon	484.2	376.1	1.28%	1.4%	2.7%	3.1%
Asturias	298.0	290.8	1.27%	0.9%	2.1%	1.9%
Castilla and Leon	474.4	204.3	0.82%	1.4%	4.9%	4.8%
Andalusia	1,240.0	146.5	0.77%	3.6%	18.0%	13.3%
Canary Islands	270.4	120.3	0.63%	0.8%	4.8%	3.5%
Galicia	172.0	64.5	0.27%	0.5%	5.7%	5.2%
Cantabria	9.8	17.0	0.07%	0.03%	1.2%	1.1%
Extremadura	9.4	9.0	0.05%	0.03%	2.2%	1.7%
Ceuta and Melilla	0.4	2.3	0.01%	0.00%	0.3%	0.3%
TOTAL	34,360.5	730.8	2.85%			

Source: Investment Registry and INE, June 2023 (*GDP for 2021)

3.

FDI FLOWS IN CASTILLA-LA MANCHA

Castilla-La Mancha received 567 million euros of foreign productive investment in 2022, an all-time high for flows in the region.

In the first quarter of 2023, it attracted flows worth 53.2 million euros.

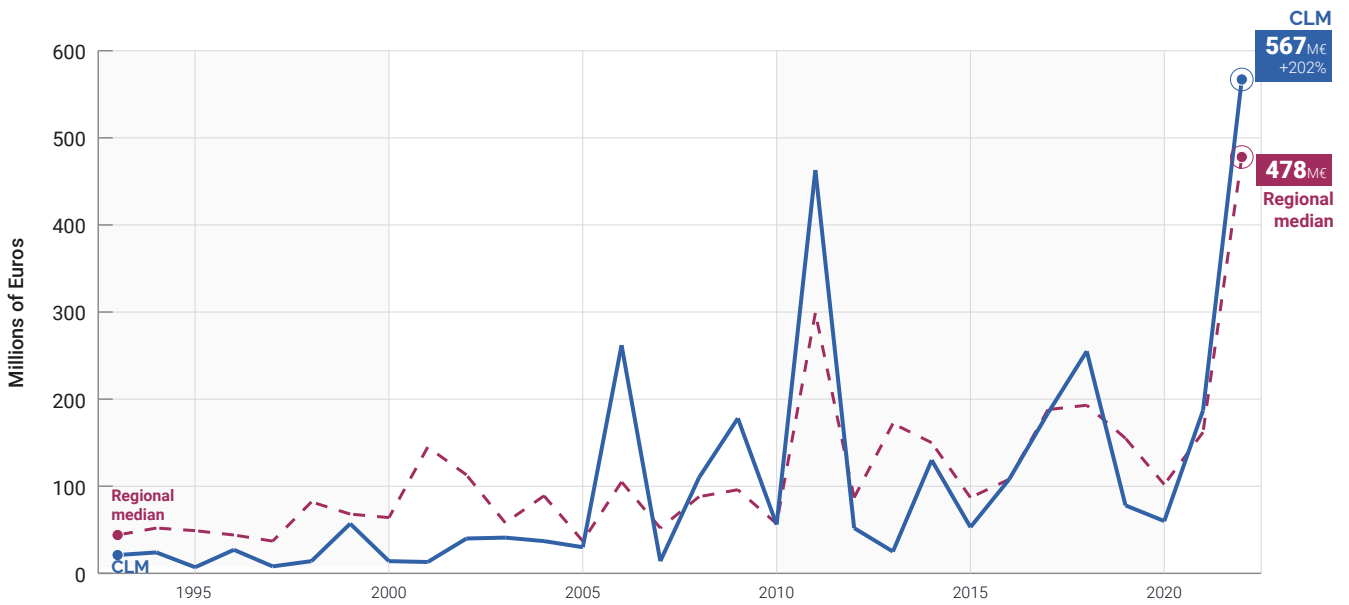


Castilla - La Mancha



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Figure 3. Evolution of gross productive FDI in Castilla-La Mancha
Millions of €, Non-ETVE



Source: Investment Registry, June 2023

Key Messages

- In 2022, Castilla-La Mancha received **gross productive investment flows worth 567 million euros**, a new record in the region, after an increase of 202% compared to the previous year. Castilla-La Mancha thus ranks as **the seventh region that attracted the most investment in 2022**, a year marked by strong increases in investments received in a large part of the Spanish regions.
- After the economic uncertainty in the beginning of the year, the **strong investments recorded in the last two quarters** (€116M and €393M, respectively) raised the annual investment flows figure above the previous peak of 2011. These figures were also accompanied by a notable decrease in divestments, practically nil in the year; Net productive investment stood therefore at **€566 million**, an 11-fold increase compared to the previous year.
- One should bear in mind that investment figures in Spain are strongly marked by Madrid's 'capital status', which affects the figures both from the purely methodological point of view (referred to as the 'headquarters effect') and from the point of view of the real attractiveness of a location when deciding where to invest. **Castilla-La Mancha is therefore usually underrepresented in the figures offered by the different official sources.**
- As has happened in the last decade, **acquisition operations accounted for the lion's share of the investments in Castilla-La Mancha in 2022**: they represented 54% of the flows received in the region, ahead of **expansions** (investments by already established foreign companies), 39%, and **new investments** (*greenfield* or *brownfield*), the remaining 7%. There were two operations in the year above 100 million, and we are **waiting to see the impact in the region of the large announcements of future investments** made during the year reported by other sources
- In the last decade, Castilla-La Mancha received **€81 of gross foreign investment per capita per year**. In 2022, **this figure rose** to €279 on average per inhabitant
- **Investments in ETVEs (holdings) in Castilla-La Mancha have been marginal**; they have barely represented 12% of the total investments received by the region since 1993. There have been no records of this type of operations in the last four years, nor in 2022
- **In the first quarter of 2023, Castilla La-Mancha attracted 53.2 million in investments**, a figure in line with the quarterly averages of the last five years. Castilla-La Mancha was thus ranked as the eighth Spanish region that attracted the most investment in the first three months of the year.

4.

EMPLOYMENT STOCK

In the last few years, the evolution of employment derived from the stock of foreign investment in Castilla-La Mancha has been very remarkable.

After six years of continued growth, in 2021 there were 61,098 workers in FDI related jobs in Castilla-La Mancha.



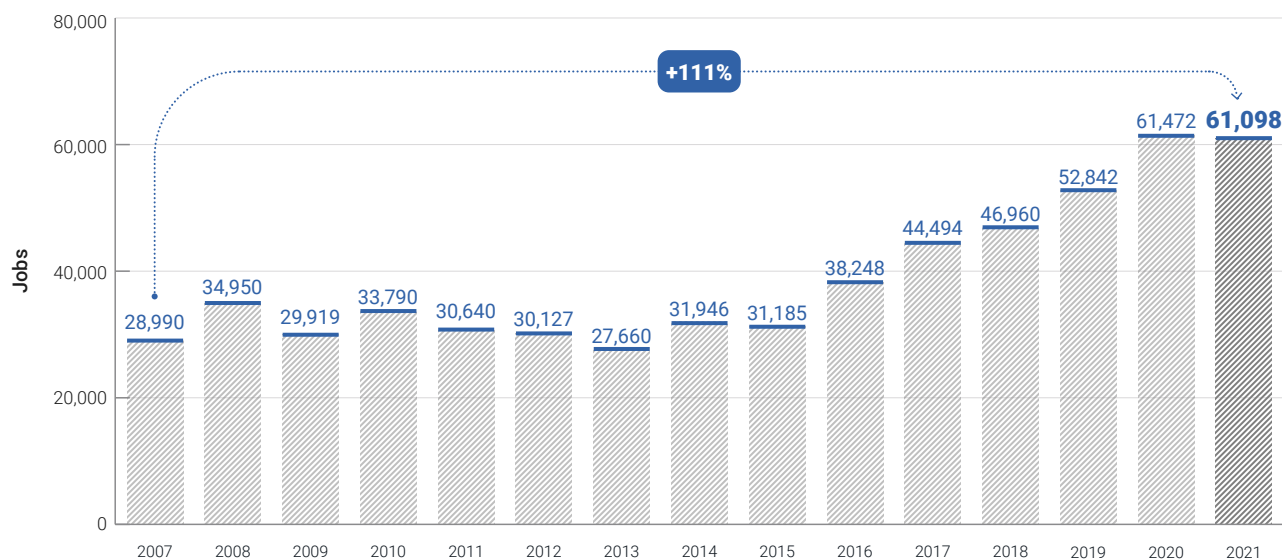
Castilla - La Mancha



GOBIERNO DE
CASTILLA-LA MANCHA

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Figure 4. Evolution of the Stock of employment derived from foreign investment in Castilla-La Mancha



Source: Investment Registry, June 2023

Key Messages

- In 2021, the last year for which the Registry provides data on the stock of investments, there were **61,098 workers in FDI related jobs**, a figure similar to that of 2020 (-0.6%).
- After five years of continuous growth between 2015 and 2020, in 2021 the strong increase in the stock of employment derived from foreign investment registered in the year of the pandemic was consolidated, with **figures that are more than double those registered in 2007 (+111%)**, the first year for which there is information on this indicator. Since that year, 32,108 jobs linked to FDI have been added in the region, practically 30,000 since 2015.
- The stock of employment linked to foreign investments in Castilla-La Mancha represented **7.2% of the employed population in the region in 2021**.
- The **six main investing countries** account for **67% of employment** in foreign companies in the region. Investments from **France** provide 11,809 jobs (19.3% of FDI-linked employment in the region), the **United States**, 10,977 (18%), **Germany** 7,263 (12%), **Switzerland** 4,122 (6.7%), the **Netherlands** 3,673 (6%), and the **United Kingdom** 3,087 (5.1%).
- The list of the top 10 countries whose investments generate the most employment is completed by **Czech Republic** (2,736 jobs), **Denmark** (2,418), **Austria** (2,264) and **Spain** (investments in Castilla-La Mancha by subsidiaries of Spanish companies abroad, 2,253 jobs).
- In 2021, the largest increases in employment linked to FDI (in absolute values) were registered in companies from the **Czech Republic** (+2,736 jobs, concentrated in *Retail Trade in non-specialized establishments*), **Switzerland** (+914, with a strong increase in *Activities of temporary employment agencies*), the **United Kingdom** (+872, with a notable increase in *Catering services*) and **Denmark** (+756, in *Other industrial cleaning activities* and *Engine manufacturing*). On the other hand, the largest decreases in employment occurred in companies from **France** (-3,067 jobs, with a sharp decrease in the Paper industry and Other professional services sectors), the **United States** (-1,486 jobs, although a large part of this drop is due to a change of ownership of *Temporary work agencies* to Switzerland) and the **Netherlands** (-1,154 jobs, also concentrated in *Temporary work activities*).
- The **Services sector** accounts for 63% of the 61,098 FDI related jobs in the region, ahead of **Industry** (32%), **Construction** (3.5%) and **Primary Sector** (1.9%).
- **Five subsectors account for 84% of employment**. The most prominent is *Manufacturing*, with 18,470 jobs (32.4% of the total), followed by *Wholesale and retail trade* (11,476 jobs, 19.8%), *Administrative activities* (9,930 jobs, 16.3%), *Transport and storage* (7,363 jobs, 12.1%) and *Information and communications* (3,858 jobs, 6.3%).

5.

INVESTMENT STOCK AND FIXED TANGIBLE ASSETS

The foreign investment position in Castilla-La Mancha, very marked by the headquarters effect, amounted to 1,331 million euros at the end of 2021, 3.1% of regional GDP.

Fixed tangible assets stood at 5,315 million, 13.4% of regional GDP.

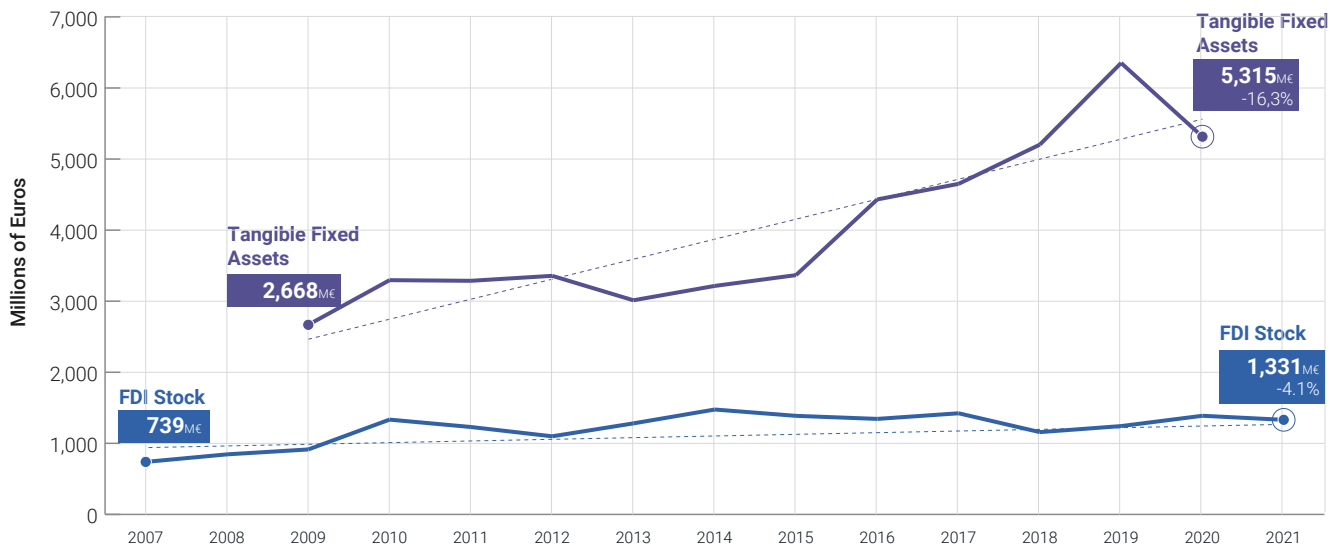


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Figure 5. Evolution of the investment stock-position and fixed tangible assets in Castilla-La Mancha
Millions of €, Non-ETVE



Source: Investment Registry, June 2023

Key Messages

- The stock of FDI is an indicator of investors' **long term confidence in the local economy** and its companies. It represents the value of the assets that foreign investors hold in companies in Castilla-La Mancha (direct investment), and financing between related companies.
- In 2021, the foreign investment position in Castilla-La Mancha, according to the Investment Registry, was **1.3 billion euros**, taking into account only productive investments (Non-ETVE). This figure represented 0.3% of the national total.
- Stock levels, which are strongly marked by the 'headquarters effect'¹, have remained relatively stable in CLM above **1 billion in the last decade**. In the last year they dropped -4.1%, compared to the strong increase registered in 2020 (+12%).
- The stock of productive FDI represented **3.1% of regional GDP** in the year, or 649 euros per capita.
- **Fixed tangible assets** provides a clearer picture as to where the investment is effectively made, by valuing the set of physical assets – land, buildings, assembly lines, machinery, transport equipment, furniture, etc. – of a more durable nature that a company dedicates to the development of its activity.
- Fixed assets are not free of bias though: they accounted for only **27.2% of the total investment stock** in Spain, they tend to be more represented in regions with more weight in the industrial sector compared to regions more oriented to the service sector, and, by definition, do not take into account financial and intangible fixed assets
- Despite the decrease recorded in fixed tangible assets linked to foreign investment in Castilla-La Mancha, which temporarily breaks a six-year growth cycle, **the evolution of this indicator since 2009 has been remarkable**, with a more pronounced growth pattern than the stock of FDI. Thus, **fixed assets at the end of 2020 were 5.3 billion euros**, 58% more than in 2015.
- Castilla-La Mancha is the **eighth region in Spain in terms of fixed tangible assets**. In relative terms, they represent **13.4% of regional GDP**, equivalent to 2.599 EUR per capita.

¹See methodological note in the annex: through the Basic headquarters effect the impact of the methodology for allocating investments to the regions where the headquarters of the companies are located can be measured. Castilla-La Mancha was in 2020 the region most penalized by this effect, which means that the official figures of the indicators affected by this effect (flows, stock) are under-represented in the region.

6.

GREENFIELD **PROJECTS**

In 2022, Castilla-La Mancha set a record for receiving greenfield investment projects: 30 new projects worth \$3,378 million and the generation of 5,637 local jobs.

In the last five years, Castilla-La Mancha has received 20 greenfield projects each year, with an annual investment close to \$1.4 billion.

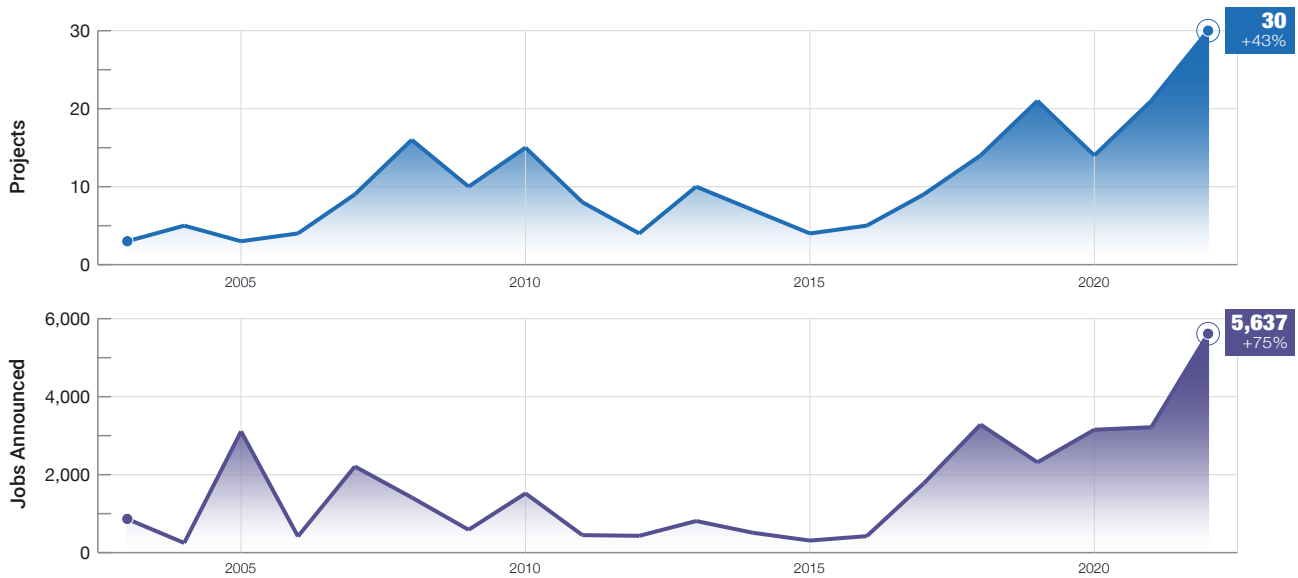


Castilla - La Mancha



IPEX

Figure 6. Evolution of Greenfield projects announced in Castilla-La Mancha



Source: fDi Markets, June 2023

Key Messages

- In 2022, 30 greenfield projects were announced in Castilla-La Mancha, with an associated investment of \$3,378 million and the generation of 5,637 jobs. This marked the maximum of the series in terms of the number of projects, +43%, investment +226%, and generated employment +71% (compared to the previous maximums).
- Although 2021 saw a strong recovery in greenfield investments in Castilla-La Mancha according to sources such as fDi Markets, 2022 was marked by the impact of the war in Europe, very notable in the first months of the summer.
- Castilla-La Mancha thus ranks as the fifth Spanish region in Spain where the most greenfield projects and investment were announced in 2022, and the fourth in employment linked to these investments, thanks in large part to important project announcements in ICT infrastructures (Meta, \$ 1,090 million) and in renewable energies (Envision Energy, \$ 977 million).
- Since 2003 (the first year for which fDi Markets offers data), Castilla-La Mancha has received 212 cross-border greenfield projects (11 per year), with an accumulated investment of \$11,454 million and the generation of more than 32,400 local jobs. It is the ninth region that has received the most projects in Spain since then, and the sixth in terms of employment.
- The number of projects has increased notably since 2015 and especially since 2018. In the last five years, 20 projects have been announced in Castilla-La Mancha each year, with an annual investment close to \$1,400 million and the generation of more than 3,500 jobs.
- The province of Toledo has concentrated 46% of the projects received in the entire historical record (98), 43% of the investment (\$4,946 million) and 47% of the employment generated (15,218); followed by Guadalajara (63 projects, 8,740 jobs), Ciudad Real (20 projects, 5,149 jobs), Albacete (16 projects, 1,748 jobs) and Cuenca (6 projects, 1,094 jobs).
- France has been the main investor country in Castilla-La Mancha in terms of number of projects (45), while the United States led in terms of investment (\$3,886 million, 34% of the total) and employment (10,347, 32%). The United Kingdom, Germany and Italy also stand out among the main investors, throughout the historical series and since 2015.
- Five sectors concentrate 68% of the projects received by Castilla-La Mancha in the entire historical series: the Transport and storage sector (23%), Retail trade (14%), Environmental Technologies (14%, with a strong rise in the last two years), Agribusiness (9.4%) and ICT and Electronics (6.1%).

Table 3. Number of projects, investment volume and jobs announced by destination in Castilla-La Mancha

Province	Projects				Capex				Employment			
	Total (Num.)	(%)	2015-2022 (Num.)	(%)	Total (M€)	(%)	2015-2022 (M€)	(%)	Total (Jobs)	(%)	2015-2022 (Jobs)	(%)
Toledo	98	46.2%	50	42.4%	4,948	43.2%	3,455	45.4%	15,218	46.8%	10,334	51.5%
Guadalajara	63	29.7%	41	34.7%	2,682	23.4%	1,768	23.2%	8,740	27.0%	6,571	32.8%
Ciudad Real	20	9.4%	12	10.2%	2,270	19.8%	1,342	17.6%	5,149	15.9%	1,279	6.4%
Albacete	16	7.5%	4	3.4%	298	2.6%	99	1.3%	1,748	5.4%	478	2.4%
Cuenca	8	3.8%	8	6.7%	595	5.2%	595	7.8%	1,094	3.4%	1,094	5.3%
Not specified	9	4.2%	5	4.2%	663	5.8%	356	4.7%	473	1.5%	301	1.5%
Total	212		118		11,454		7,814		32,422		20,055	

Source: own elaboration, based on fDi Markets, June 2023

Table 4. Number of projects, investment volume and jobs announced in Castilla-La Mancha by country of origin

Country	Projects				Capex				Employment			
	Total (Num.)	(%)	2015-2022 (Num.)	(%)	Total (M€)	(%)	2015-2022 (M€)	(%)	Total (Jobs)	(%)	2015-2022 (Jobs)	(%)
France	45	21.2%	20	16.9%	1,267	11.1%	646	8.3%	4,854	15.0%	2,510	12.5%
United States	42	19.8%	28	23.7%	3,898	33.9%	2,646	34.7%	10,347	31.9%	6,372	31.8%
United Kingdom	23	10.8%	13	11.0%	1,124	9.8%	432	5.7%	3,401	10.5%	1,875	9.3%
Germany	20	9.4%	10	8.5%	595	5.2%	344	4.5%	2,081	6.4%	1,238	6.2%
Italy	10	4.7%	5	4.2%	418	3.7%	302	4.0%	553	1.7%	358	1.8%
Switzerland	9	4.2%	5	4.2%	216	1.9%	159	2.1%	549	1.7%	297	1.5%
Portugal	9	4.2%	5	4.2%	463	4.0%	249	3.3%	1,936	6.0%	874	4.4%
Netherlands	7	3.3%	6	5.1%	252	2.2%	176	2.3%	1,063	3.3%	613	3.1%
Singapore	6	2.8%	6	5.1%	341	3.0%	341	4.5%	2,303	7.1%	2,303	11.5%
Denmark	6	2.8%	3	2.5%	161	1.4%	97	1.3%	935	2.9%	352	1.8%
Japan	5	2.4%	1	0.8%	184	1.6%	71	0.9%	474	1.5%	131	0.7%
Luxembourg	4	1.9%	3	2.5%	182	1.6%	171	2.2%	663	2.0%	636	3.2%
Sweden	4	1.9%	2	1.7%	437	3.8%	306	4.0%	1,296	4.0%	1,150	5.7%
China	3	1.4%	3	2.5%	1,099	9.6%	1,099	14.4%	730	2.3%	730	3.6%
Belgium	3	1.4%	0	0.0%	97	0.8%	0	0.0%	141	0.4%	0	0.0%
Mexico	2	0.9%	1	0.8%	73	0.6%	18	0.2%	130	0.4%	60	0.3%
Canada	2	0.9%	1	0.8%	84	0.7%	82	1.1%	128	0.4%	86	0.4%
Brazil	2	0.9%	0	0.0%	17	0.2%	0	0.0%	64	0.2%	0	0.0%
Argentina	1	0.5%	1	0.8%	17	0.1%	17	0.2%	40	0.1%	40	0.2%
Norway	1	0.5%	1	0.8%	11	0.1%	11	0.1%	26	0.1%	26	0.1%
Finland	1	0.5%	1	0.8%	18	0.2%	18	0.2%	91	0.3%	91	0.5%
Taiwan	1	0.5%	1	0.8%	39	0.3%	39	0.5%	84	0.3%	84	0.4%
Russia	1	0.5%	1	0.8%	25	0.2%	25	0.3%	88	0.3%	88	0.4%
Israel	1	0.5%	1	0.8%	368	3.2%	368	4.8%	141	0.4%	141	0.7%
Colombia	1	0.5%	0	0.0%	20	0.2%	0	0.0%	75	0.2%	0	0.0%
Turkey	1	0.5%	0	0.0%	26	0.2%	0	0.0%	78	0.2%	0	0.0%
Australia	1	0.5%	0	0.0%	14	0.1%	0	0.0%	83	0.3%	0	0.0%
Total	212		118		11,454		7,814		32,422		20,055	

Source: own elaboration, based on fDi Markets, June 2023

7.

ORIGIN OF INVESTMENTS

In 2022, Castilla-La Mancha received FDI flows mainly from European OECD countries.

Germany, United States, Italy and France were the main investor countries in 2022.

Italy and France were the leading investor countries in the first months of 2023.

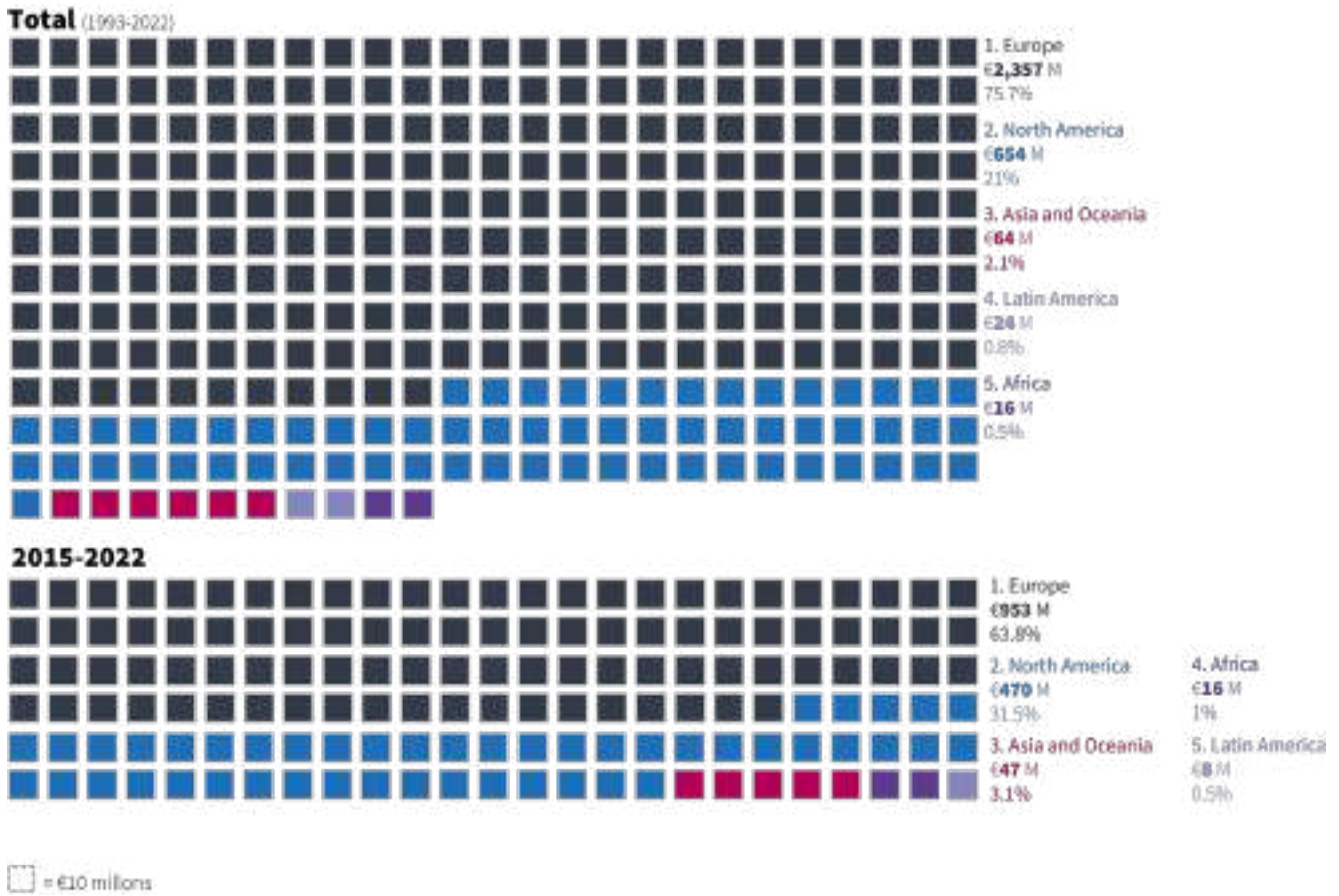


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Figure 7. Foreign investment flows in Castilla-La Mancha by region of origin
Millions of €, Non-ETVE

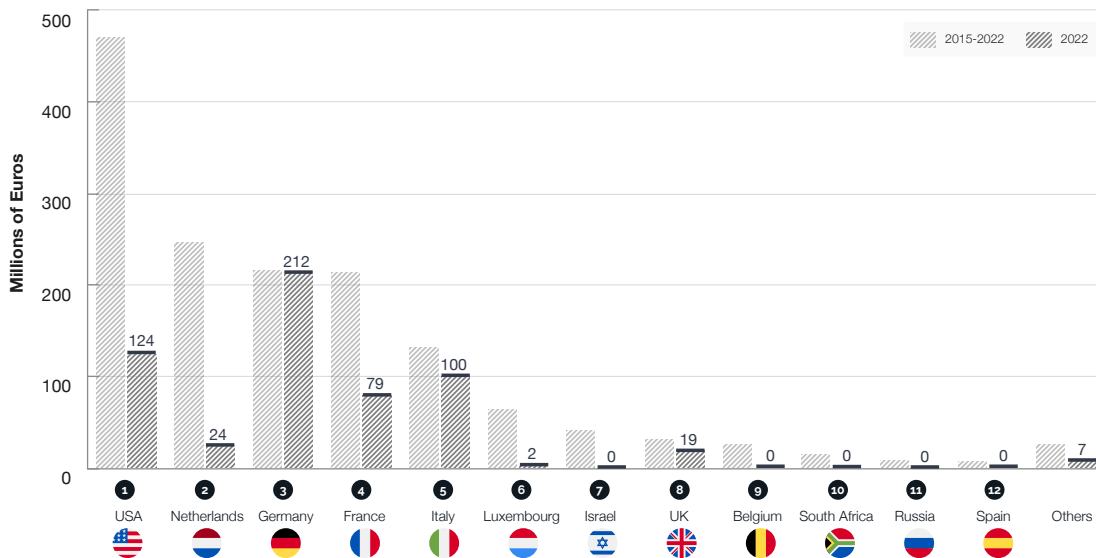


Source: Investment Registry, June 2023

Key Messages

- With regard to the origin of these investments, where the country of origin is the **ultimate investing country** (the country in which the chain of ownership of the company is exhausted), and taking into account only productive investment, Castilla-La Mancha mainly receives flows of **other OECD countries** (98% in the entire historical record, since 1993, and 97% in the last decade).
- Within the OECD, **European countries continue to be the main source of investments**, with 66% of investments in the last decade, although they have lost part of their share (they came to represent 88% of total investments in the last decade).
- Almost all European investment comes from **EU-14** countries.
- **North American** investments accounted for 28% of the flows received by Castilla-La Mancha in the last decade, and have gained more prominence since 2015 (31.5%).
- Investments from **Asia and Oceania, Latin America and Africa** continue to be marginal in Castilla-La Mancha, according to official data from the Registry. Asian investments have begun to make their mark in recent years, with 3.1% of flows since 2015.
- In **2022**, investments from **European countries** accounted for 78% of the total flows received; North America accumulated the remaining 22%. There were hardly any investments from Asia or Africa.

Figure 8. Foreign investment flows in Castilla-La Mancha by country of origin
Ultimate country, Millions of €, No-ETVE

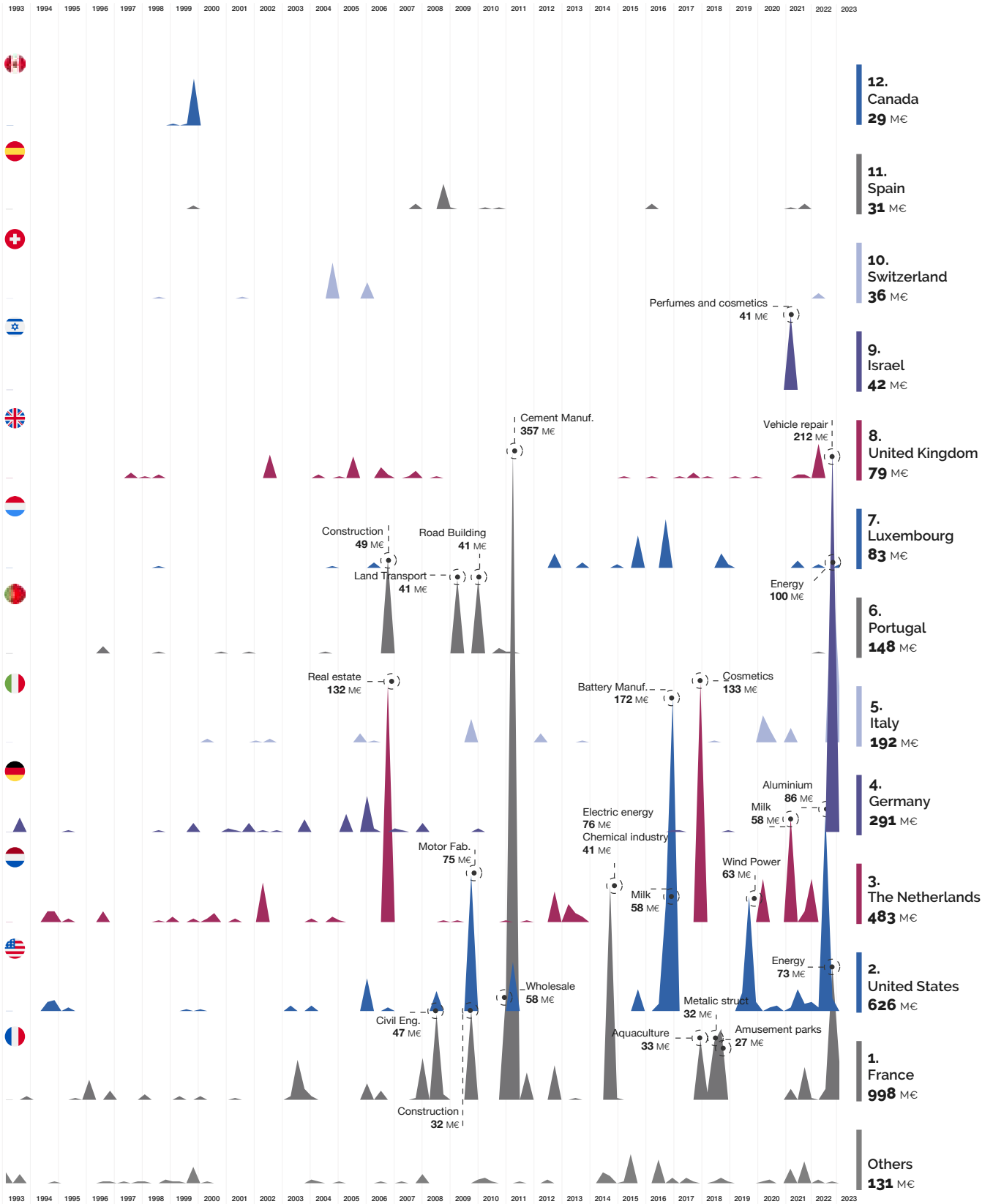


Source: Investment Registry, June 2023

Key Messages

- Three countries invested over 100 million in Castilla-La Mancha in 2022.
- Germany was by far the main investing country, with its largest investment in the region to date: 212 million euros, strongly concentrated in the Vehicle Sales and Repair sector in the fourth quarter, thanks to Knorr-Bremse's purchase of a majority stake in Cojali.
- The United States was the second investor, with 124 million (second highest figure to date), with large investments in Aluminum production (86 million) and Electricity supply (22.5 million, in Wind power and Other types of energy production).
- Italy, with 100 million, was third, with notable investments in Electricity production in the fourth quarter.
- Three other countries invested over 10 million in 2022: France (79 million, mostly in Energy production), the Netherlands (24 million, with sizeable investments in the Food industry) and the United Kingdom (19 million, almost entirely in the Manufacture of construction materials).
- In the first three months of 2023, the investments of Italy (30.6 million) and France (20.7 million) stood out, in both cases in Energy Supply.
- If a broader time frame is analyzed, we can see how the United States has been the main investor in Castilla-La Mancha in the last decade (28.5% of flows), thanks to the strong investments in 2017 -€170 M in Manufacture of electric batteries and accumulators- and in the last year.
- After losing its first position as the main investor country in the previous decade, France was the second investor country between 2012 and 2022 (20.2% of flows), with notable investments in 2014 -76M€ in Electricity Production and 41M€ in the Chemical Industry- and 2018, with sizeable investments in Freshwater aquaculture, Manufacture of metal structures and Amusement parks.
- The Netherlands was the third investor country in the period (15.5% of the total) thanks mainly to investments in 2018 in Wholesale trade of perfumery and cosmetic products and investments undertaken in 2021 in Construction of non-residential buildings.
- Germany (9%) and Italy (5%) were the fourth and fifth investor countries. Ten countries concentrated 89% of the investment received by Castilla-La Mancha in the last decade.
- European countries tend to invest directly, while the United States channels its investment through France (43%), the Netherlands (30%) and the United Kingdom (11%).

Figure 9. Foreign investment flows in Castilla-La Mancha by country of origin
Millions of €, Non-ETVE



Source: Investment Registry, June 2023

Table 5. Main investor countries in Castilla-La Mancha
Millions of € and jobs, Non-ETVE

Country	FDI Inflows Total (M€)		FDI Inflows 2013-2022 (M€)		FDI Inflows 2022 (M€)		Employment 2021 (Jobs)	
		(%)		(%)		(%)		(%)
France	998	31.5%	333	20.2%	79	14.0%	11,809	19.3%
United States	628	19.7%	470	28.5%	124	21.8%	10,977	18.0%
The Netherlands	483	15.3%	265	16.1%	24	4.2%	3,673	6.0%
Germany	291	9.2%	216	13.1%	212	37.4%	7,263	11.9%
Italy	182	6.1%	133	8.1%	100	17.7%	1,851	3.2%
Portugal	148	4.7%	1	0.1%	1	0.1%	1,242	2.0%
Luxembourg	83	2.6%	67	4.1%	2	0.4%	118	0.2%
United Kingdom	79	2.5%	31	1.9%	19	3.3%	3,087	5.1%
Israel	42	1.3%	41	2.5%	0	0.0%	980	1.6%
Switzerland	36	1.1%	4	0.2%	3	0.6%	4,122	6.7%
Spain	31	1.0%	7	0.4%	0	0.0%	2,253	3.7%
Canada	29	0.9%	1	0.0%	0	0.0%	522	0.9%
Belgium	27	0.8%	25	1.5%	0	0.0%	243	0.4%
Denmark	20	0.6%	1	0.1%	0	0.0%	2,418	4.0%
South Africa	15	0.5%	15	0.9%	0	0.0%	17	0.0%
Russia	8	0.2%	8	0.5%	0	0.0%	900	1.5%
Uzbekistan	6	0.2%	6	0.4%	0	0.0%	0	0.0%
China	5	0.2%	4	0.2%	0	0.0%	299	0.5%
Brazil	5	0.2%	0	0.0%	0	0.0%	14	0.0%
Taiwan	4	0.1%	0	0.0%	0	0.0%	4	0.0%
Andorra	4	0.1%	3	0.2%	0	0.0%	18	0.0%
Uruguay	3	0.1%	1	0.0%	0	0.0%	0	0.0%
Colombia	3	0.1%	3	0.2%	0	0.0%	3	0.0%
Ireland	3	0.1%	0	0.0%	0	0.0%	125	0.2%
Chile	3	0.1%	1	0.0%	0	0.0%	3	0.0%
Others	24	0.8%	12	0.7%	3	0.5%	9,057	14.8%
Total	3,169		1,647		567		61,098	

Source: Investment Registry, June 2023.

Note: Investments from Spain are circular investments, that is, investments in Castilla-La Mancha by subsidiaries undertaken by Spanish companies abroad.

8.

SECTOR ANALYSIS

The Industrial Sector accounted for 64% of foreign investment in the last decade in Castilla-La Mancha. The Services Sector attracted 28% of flows, the Primary Sector 4.5% and Construction 3.6%.

In 2022, the share of investments in the Services Sector rose to 41%, while the industrial sector attracted the remaining 59% of flows.

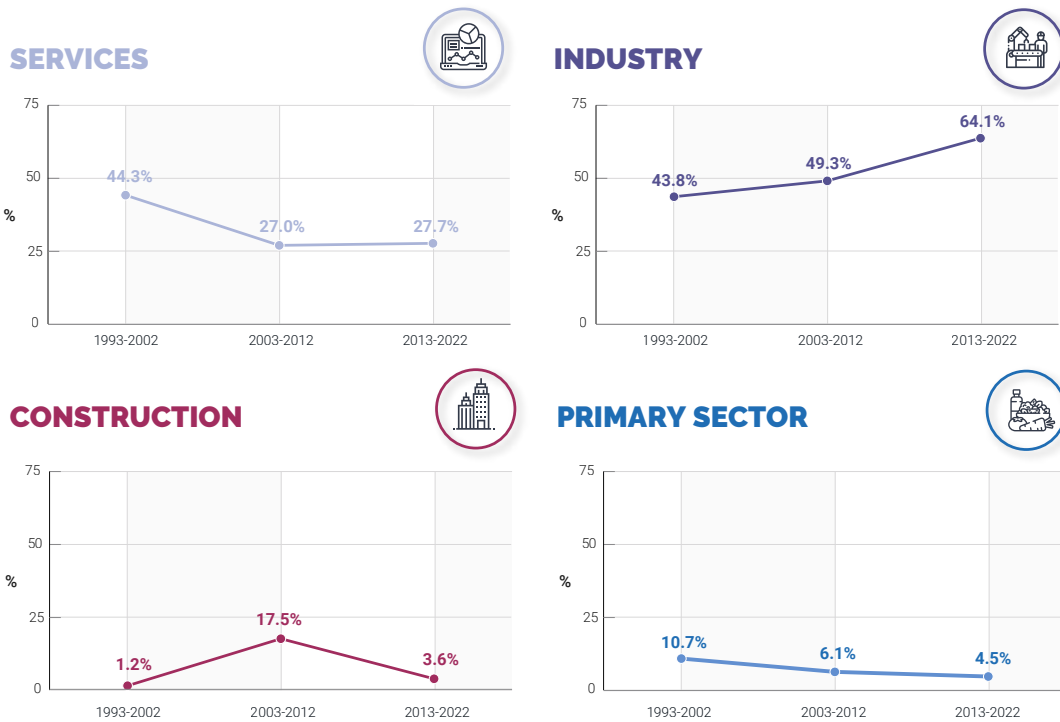


Castilla-La Mancha



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Figure 10. Sectoral distribution of gross FDI in Castilla-La Mancha
Millions of €, Non-ETVE

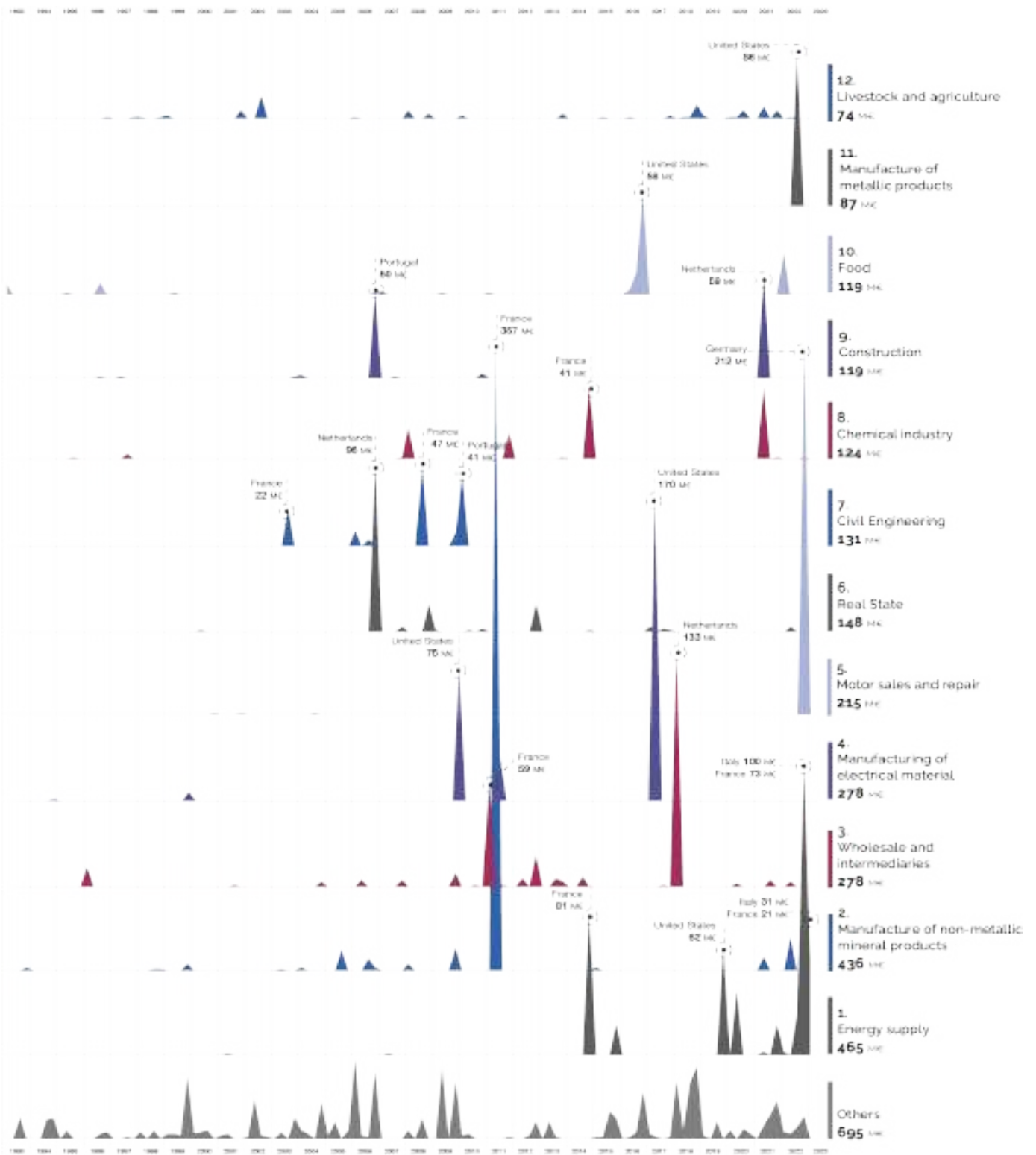


Source: Investment Registry, June 2023

Key Messages

- Unlike the main FDI destinations in Western European countries, **Industry has been the sector that has monopolized the bulk of the productive FDI received by Castilla-La Mancha**, with 57% of the flows received throughout the historical record, and 64% in the last decade (2013-2022).
- Investments in **Industry** in the last decade have been mainly concentrated in *Electricity Supply, Manufacture of Material and Electrical Equipment, Food Industry and Metallurgy*.
- The **Services Sector** has received 29% of CLM's flows in the whole historical series, and 28% in the last decade. These figures are very conditioned by the aforementioned 'headquarters effect'.
- Since 2013, the largest investments in the **Services sector** were undertaken in 2022 in *Vehicle Sales and Repair* and in *Wholesale and Intermediate Trade*, followed at a distance by *Recreational activities, Real Estate activities and Retail trade*.
- The **Construction** sector, after a strong start to the century, represented just 3.6% of flows in the last decade. Almost all of the investment in this sector was concentrated in **Building Construction**.
- Investment in the **Primary sector** represented 4.5% of the total, similar to the average since the beginning of the historical series in 1993. The investments in *Aquaculture* in 2018 and in *Agriculture and Livestock* in 2021 are especially noteworthy.
- **In 2022** there were large investments in *Sale and repair of vehicles* (37.5% of the total), *Electricity supply* (33.7%) and *Metallurgy* (15.1%). Other sectors such as the *Food Industry, Manufacture of Non-metallic Mineral Products* and *Manufacture of Other Transport Material* also attracted in excess of 10 million.
- In **the first three months of 2023**, *Energy supply* concentrated practically all of the investment received in CLM.

Figure 11. Sectoral distribution of gross investment flows in Castilla-La Mancha
Millions of €, Non-ETVE



Source: Investment Registry, June 2023

Table 6. Sectoral distribution of investment and employment flows in Castilla-La Mancha
Millions of € and jobs, Non-ETVE

CNAE	Sector	FDI Flows 1993-2002		FDI Flows 2003-2012		FDI Flows 2013-2022		Employment 2021	
		(M€)	(%)	(M€)	(%)	(M€)	(%)	(Jobs)	(%)
	Primary sector	24	10.7%	79	6.1%	75	4.5%	1,183	1.9%
	Construction	3	1.2%	225	17.6%	60	3.6%	2,138	3.5%
	Industry	99	43.8%	632	49.3%	1,056	64.1%	10,435	31.8%
	Services	100	44.3%	347	27.0%	457	27.7%	38,342	62.8%
01 to 03	Agriculture, livestock and fisheries	24	10.5%	24	1.9%	73	4.4%	278	0.5%
05 to 09	Extractive industries	0	0.2%	55	4.3%	2	0.1%	906	1.5%
10 to 33	Manufacturing industry	98	43.4%	630	49.1%	644	39.1%	18,470	30.2%
35	Electric energy	1	0.4%	2	0.2%	409	24.8%	84	0.1%
36 to 39	Water and waste management	0	0.0%	0	0.0%	3	0.2%	881	1.4%
41 to 43	Construction	3	1.2%	225	17.5%	60	3.6%	2,138	3.5%
45 to 47	Wholesale and retail trade.	21	9.6%	106	8.3%	383	23.3%	11,476	18.8%
49 to 53	Transport and storage	0	0.2%	48	3.7%	0	0.0%	7,363	12.1%
55 to 56	Hospitality	0	0.2%	0	0.0%	1	0.0%	1,432	2.3%
58 to 63	Information and communications	33	14.7%	0	0.0%	7	0.4%	3,858	6.3%
64 to 66	Financial activities	6	2.6%	2	0.2%	0	0.0%	653	1.1%
68	Real estate activities	2	0.8%	136	10.6%	10	0.6%	66	0.1%
69 to 75	Professional, scientific and technical activities	35	15.4%	3	0.2%	3	0.2%	990	1.6%
77 to 82	Administrative activities	2	0.7%	35	2.7%	2	0.1%	9,930	16.3%
84	Public administration and defence	0	0.0%	0	0.0%	0	0.0%	25	0.0%
85	Education	0	0.0%	0	0.0%	0	0.0%	18	0.0%
86 to 88	Health activities	0	0.0%	0	0.0%	0	0.0%	1,727	2.8%
90 to 93	Artistic activities	0	0.0%	14	1.1%	50	3.0%	424	0.7%
94 to 96	Other services	0	0.0%	2	0.1%	0	0.0%	382	0.6%
	Total	226		1,283		1,647		61,098	

Source: Investment Registry, June 2023

9.

IPEX-INVEST IN CLM



Castilla-La Mancha



GOBIERNO REGIONAL
DE CASTILLA-LA MANCHA

IPEX

IPEX-INVEST IN CLM

IPEX- Invest in Castilla La Mancha is a regional government initiative whose objective is the internationalization of Castilla-La Mancha and its promotion as a competitive economy open to the world.

In addition to supporting local companies in international markets, IPEX- Invest in Castilla-La Mancha supports

foreign companies that wish to establish or expand their business projects in the region, guaranteeing the confidentiality of the projects and offering free personalized and professional support to investment initiatives

INVESTOR SERVICES

PLANNING YOUR INVESTMENT



- We offer precise, objective, general and sectoral information on Castilla-La Mancha.
- We guide you through strategic aspects of your investment and help you identify business opportunities.
- We offer advice on useful aspects of living and working in Castilla La Mancha, such as visas, housing, schooling, etc.

IMPLEMENTATION



- We look for available sites and locations such as industrial warehouses, offices and laboratories.
- We offer a mediation service between the company and the different local administrations, public organizations and private entities of Castilla-La Mancha.
- We help to identify local suppliers and potential partners.
- We monitor European, national, regional and local grants and incentives that may be suitable for each investment project.

AFTERCARE SERVICE



- We support the investor in the detection of growth opportunities.
- We organize events to promote the creation of contacts between companies in the region.
- We prepare an annual barometer on the business climate in the region.

WHY CASTILLA-LA MANCHA?

10 reasons to invest in Castilla-La Mancha

WHY CASTILLA-LA MANCHA?

1

Strategic location

A bridge between the European Union & Northern Africa

2

World-class infrastructures & excellent communication networks

3

Available industrial land

4

An ecosystem that fosters R&D and innovation

5

A supportive Government committed to attracting investments

6

Talent

A highly educated workforce

7

Great incentive packages

Up to 50% of the investment

8

Industrial ecosystem

9

Green energy

10

Quality of life

10.

ANNEXES AND METHODOLOGICAL NOTE



Castilla - La Mancha



IPEX

11.1. Methodological note

A. Definitions

- **FDI:** According to the UNCTAD, FDI includes operations through which a direct investor acquires or increases his participation in a company resident in another country, with a long-term interest and an intention to exert an effective influence on its management. In practice, the investor is considered to have the capacity to influence the management of a company when it owns at least 10% of the capital or voting rights.
- **Components of FDI:** although there are certain discrepancies between sources, in the broadest sense, FDI has three components, according to UNCTAD: equity (purchase of the shares of a company in a country other than the investor), reinvestment of profits (profits not distributed as dividends by affiliates, or profits not sent to the direct investor), and intra-company loans (short or long-term loans between direct investors and affiliated companies).
- **Gross investment:** the Investment Registry considers gross foreign investment operations by non-residents that involve participation in unlisted Spanish companies, participation greater than 10% in listed Spanish companies, establishment or expansion of the endowment of branches of foreign companies, as well as other forms of investment in entities or contracts registered in Spain (foundations, cooperatives, economic interest groups) in which the capital invested exceeds 3 million euros.
- **Net investment:** the result of subtracting divestments from the gross investment, due to transfers between residents and non-residents, partial liquidations (capital reductions) or total liquidations (dissolutions or bankruptcies).
- **Divestment:** any reduction, be it partial or a total liquidation of an investment position in Spain whose holder is a non-resident, as well as the partial or total sale of it to a resident.
- **Investment position:** the foreign investment position in Spain (Investment Register) is the value of the shares of non-resident investors in companies domiciled in Spain, valued on the basis of the book value of the equity of the direct investment company. It includes financing between related companies.
- **Tangible fixed assets:** tangible fixed assets refers to the set of property assets (land, buildings, assembly lines, machinery, transport equipment, furniture, etc.) of a more durable or permanent nature that a company dedicates to the development of its activity.
- **Greenfield investment:** greenfield investments are a type of FDI in which the non-resident investor builds from scratch the facilities (factory, logistics, offices, etc.) for the launch of their project, business or subsidiary, as opposed to the Brownfield investments, in which existing assets are used to initiate the activity.
- **ETVEs:** Foreign Securities Holding Entities are companies established in Spain whose main purpose is the holding of shares in companies located abroad (Holdings). ETVEs are instrumental companies whose existence is due to tax optimization strategies within the same business group (based on the fact that dividends to non-residents are not subject to withholding tax), and in many cases their investments lack direct economic effects in Spain. The investment operations carried out by this type of company generally consist of the transfer within the same business group of shares in companies based in Spain.
- **Basic headquarters effect:** it consists of the impact of the allocation of investments to the region in which the company has its headquarters instead of its productive activity. In most of the cases that affect Castilla-La Mancha, investments are assigned to Madrid. If the notification of the investment by the company to the Investment Registry (RIE) does not indicate in which location/plant the investment is carried out -reinvestment or change of ownership on many occasions-, it is assigned to the region of the company's registered office. Apart from this, Madrid's capital status affects Castilla-La Mancha in a particular way due to its proximity to this city (most investments are headquartered there), generating the greatest underrepresentation of the impact of FDI among all Spanish regions. The headquarters effect is the ratio resulting from comparing the weight of each region over the total tangible fixed assets and the weight of each region over the investment stock.

B. Investment Registry

- **Origin of the investment:** the presentation data refers to the country of the ultimate beneficiary, that is, the country in which the chain of ownership of the investment is exhausted
- **Temporal effect:** the data collected by the Investment Registry are those declared by the investors themselves. The maximum term for filing the declaration is usually one month from the date of formalization of the investment. The investments collected are assigned to the corresponding period according to the date they were made, but there may be delays in the presentations, which means that in the quarterly updates the data corresponding to previous periods can be modified. It is normal for more notifications to accumulate than corresponding to the end of the year, which partly explains the growth that is usually observed in the second semesters.
- **Large operations:** The foreign investment series, especially the quarterly ones, are very erratic; a few large-scale operations can generate large fluctuations between different periods. This effect is magnified outside the main receptor regions, where relatively smaller operations can distort entire series.
- **Regional effect:** Foreign investment in Spain is assigned to the Autonomous Community where the activities generated by the investment are expected to be carried out. Investments of a general scope are assigned to the section "All the national territory" (identified as "Unassigned", one of the 'regions' receiving the most investment some years). A problem can arise if the company does not indicate where the activity generated by the investment will be carried out, in which case the investments are assigned to the domicile declared by the investors (its parent company in the country), or, in the case of acquisitions, to the region of the registered office of the acquired company. Given the strong concentration of these offices in the Communities of Madrid and Catalonia, this has a strong impact on the regional distribution of the data (the so called headquarters effect).
- **ETVEs and NoETVEs:** Although in some cases ETVEs data have been included in the graphs, for most of the analysis in this report, only productive investments (Non-ETVE) have been taken into account.
- **Employment:** It is important to bear in mind that decreases in employment linked to foreign investment may be caused by divestments or because the percentage of investment control over it falls below 10% and is no longer considered foreign productive investment. The change of ownership of assets between foreign investors from different countries does not change the global count of jobs, but it does affect their distribution by country.
- **Investment amount:** The Registry records the amount that is contributed to own funds, or other registered operations, which by regulation (RD 664/1999) are considered direct investment. The intra-group credits and debts that the company may have are currently not recorded. With the new RD that, among other things, adapts the definition of investment subject to declaration to the OECD and IMF standards, intra-group financing will become part of the investment that must be declared and registered in the figures.

C. INE - FILINT

- **Scope:** The main objective of the Statistics of subsidiaries of foreign companies in Spain (FILINT) is to provide information on subsidiaries of foreign companies resident in Spain, both in the industrial and services sectors,
- **Subsidiary:** A subsidiary is understood to be a company resident in Spain that is controlled by a foreign company.
- **Sectors:** The population under study by FILINT is made up of companies resident in Spain that are subsidiaries of foreign companies and whose main activity is included in sections B to E (industrial) and G to J and L to N (services of non-financial market) of the CNAE-09 classification system.
- **Periodicity:** The Statistics on Subsidiaries of Foreign Companies in Spain is an annual statistic. The last update was made on September 27, 2022, with data corresponding to the year 2020. The INE offers these data since 2008 and specific series in some sectors since 2005.
- **2020 Update:** In the statistics on Foreign Companies Subsidiaries published by the INE on September 30, 2020, with information referring to the year 2018, the methodology has been modified; the statistical unit "Company" has been implemented, in accordance with the Regulations of the European Union (696/93), which describes it as the 'smallest combination of legal units that produces goods or services and that enjoys a certain autonomy of decision, mainly when using the resources available to it'.

This represents a change, since until last year (reference 2017) included, the INE, like most of the statistical offices of the European Union, had been identifying, for operational purposes, the statistical unit Company with the Legal Unit (in the Spanish case, by means of the Tax Identification Number - NIF). Thus, each Legal Unit formed a Company for statistical purposes.

This methodological change has the following effects on the statistical results for 2018:

- Effect of grouping and reclassification, due to the combination of the Legal Units that are part of the Company and their reassignment to the main activity and size of said Company. This effect occurs, to a greater or lesser extent, in all variables.
- Consolidation effect, due to the cancellation of intra-company flows. This second effect only occurs in certain economic variables (for example, turnover, value of production or purchases of goods and services). Employment variables and other economic variables considered additive are not affected by this effect.

As a consequence of these effects, the variable 'Number of subsidiaries' suffers a reduction of -32.2%. Indeed, if the Legal Unit were taken as an approximation to the company concept, 14,361 legal units affiliated with foreign companies would be counted in 2018 in the sectors under study. Under the new approach, by grouping several legal units to form each statistical company, the number of subsidiaries is reduced to 9,741 subsidiaries of foreign companies.

For the remaining variables, the effect is not very relevant, although certain economic variables are affected by the consolidation of economic data

- **Discontinuity of the regional analysis:** the methodological change led to the discontinuity of the regional analysis carried out by the INE. Thus, the latest data available on the behavior of subsidiaries in the Autonomous Communities are those relating to 2018.

D. fDi Markets

- **Scope:** fDi Markets is one of the world references for business investment projects. It monitors all new investment projects and existing investment expansion without information on investors' equity participation, suggesting that the data may include investments that would not qualify as FDI in a "strict" sense. The data are offered at the national, regional (non-standard divisions) and local levels, although in Spain in particular, they do not seem to have too much data beyond Madrid or Catalonia. The data is collected in real time, including projects, amount invested and jobs created. fDi Markets records the total amount committed by the company at the time it announces or starts the project, without updating the status of the investment in successive years.
- **Sources:** fDi Markets sources its data from the Financial Times news agencies (about 9,000 sources), project data received from more than 1,000 industrial organizations and investment agencies, data purchased from market research agencies, and publishers. The data are contrasted between different sources, and fDi Markets state that in 90% of the cases data are validated with the source companies, although the percentage of direct contact is probably closer to 70%. Its main source is Factiva (Dow Jones).

E. SABI

- **Description:** SABI INFORMA, owned by Bureau van Dijk (Moody's Analytics Company), is a database of companies with wide coverage. It is currently the largest company database in Spain, offering standardized information on more than 2.9 million national companies and more than 900 Portuguese companies, including information on economic agents, companies and active freelancers with ratings, companies balance sheets, administrators and functional positions, as well as corporate links.
- **Sources:** SABI is compiled from public and private sources of information, such as the Official Gazette of the Mercantile Registry, Official Account Depositories, the BOE (Official State Gazette), Provincial and Regional Official Gazettes, national and regional press, ad hoc Investigations and diverse publications.
- **Definition of foreign company:** active company that has presented accounts in any of the last 4 years (2018-2021) or that has been recently created (post 2020), and that either has a foreign parent company (Global Ultimate Owner) or has at least one direct shareholder with a 10% stake or higher.

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