

2022

FOREIGN INVESTMENT IN CASTILLA-LA MANCHA

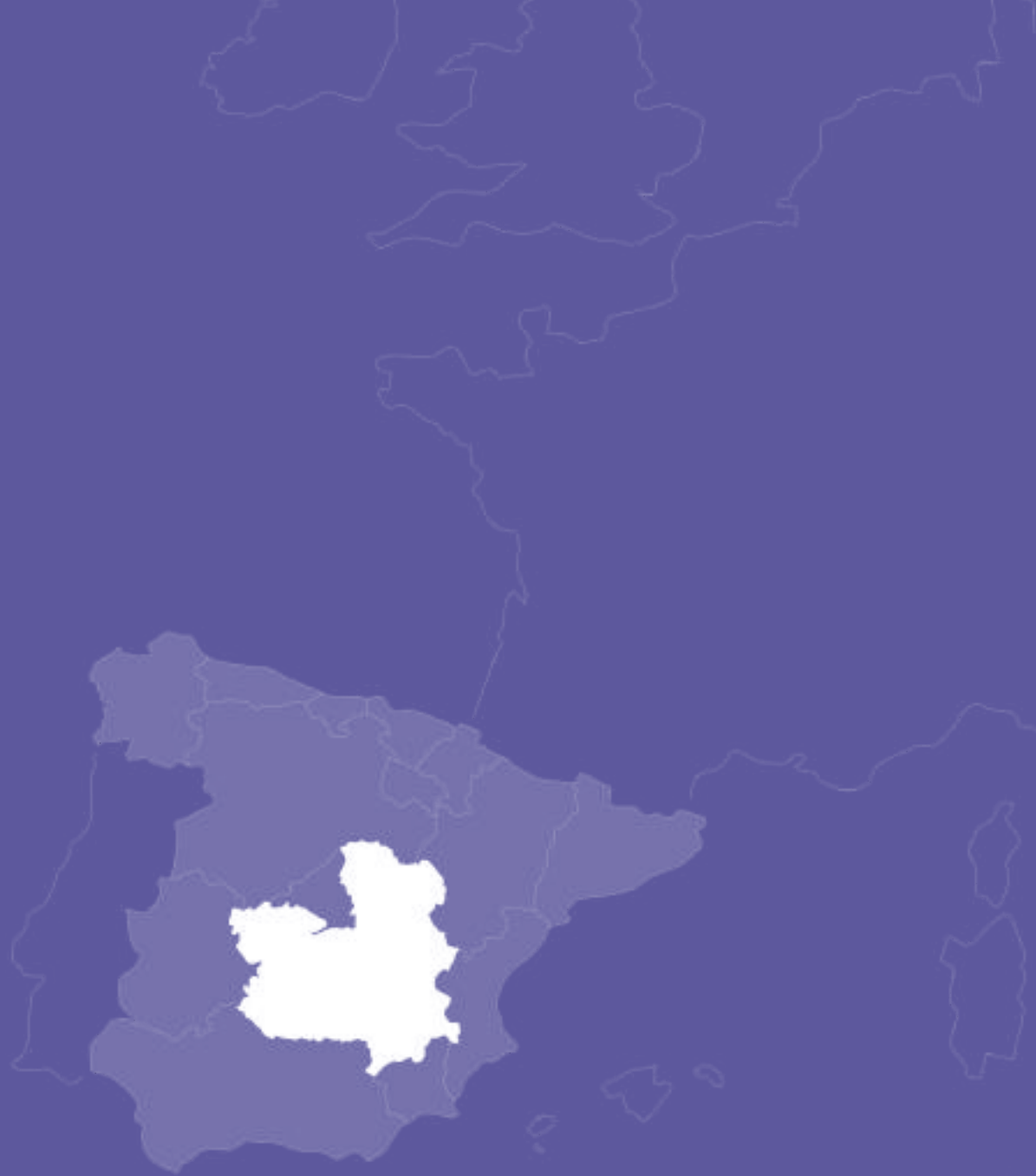
Quarterly Update | December 2022



Castilla - La Mancha



IPEX



Foreign Investment in Castilla-La Mancha

Quarterly Update | December 2022

Report prepared by **Sifdi**

2022

Foreign Investment in Castilla-La Mancha

Quarterly Update | December 2022

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Executive Summary

FDI in Castilla-La Mancha in 2022

Global investment flows recovered strongly in 2021, with an increase of 64%, reaching \$1.58 trillion according to UNCTAD, thus surpassing the pre-Covid-19 level. Spain received 29,755 million euros of gross productive investment in the year, a 20.6% increase with respect to 2020, a year in which flows remained stable despite the pandemic.

UNCTAD's late October estimates for 2022 reveal that global investment flows during the first half of 2022 increased by 14 per cent, although in the second quarter of the year they were down 31 per cent from the first, reflecting a change in investors' outlook due to the war, the food crises, rising energy prices and financial uncertainty in the world.

Spain, in any case, attracted 22,457 million of productive investment in the first three quarters of 2022, 29% more than the average of the first semesters of the last decade (2012-2021).

At the regional level, according to the Registry's data for 2021, Castilla-La Mancha received 187 million euros of investment in the year. The figure for the first three quarters of 2022 should be taken with caution, given the calendar effects and the impact of certain one-off acquisition operations on data for smaller regions. In any case, Castilla-La Mancha received 173 million of investment in the first three quarters of 2022 (29.3 million in the first quarter, 28.3 million in the second and 115.7 million in the third), a figure 156% higher than the average of the first three quarters of the last decade.

Castilla-La Mancha is thus the eleventh region that attracted the most investment in the first nine months of the year.

Almost all investments in the first three quarters of 2022 in Castilla-La Mancha came from OECD countries (99%), 31.5% of them from European countries and 67.2% from North America.

As has happened in the last decade, acquisitions are playing an important role in the figures for 2022: they account for 53% of the flows received in Castilla-La Mancha, ahead of expansions (investments by foreign companies already established in the region), 28.3%, and new investments (*greenfield* or *brownfield*), which account for the remaining 18.5%.

Castilla-La Mancha received 173 million euros of investment in the first nine months of 2022

In 2021 three countries invested over 20 million in Castilla-La Mancha (Netherlands, Israel and France), in sectors such as *Construction*, *Chemical Industry* or *Manufacture of other Transport Material*. In the first three quarters of 2022 there have been notable investments in Castilla-La Mancha by the United States (116.4 million, mainly in *Aluminium production and Electricity supply*), the Netherlands (23.7 million, with investments in the *Food industry*), and the United Kingdom (18.6 million in the *Manufacture of other non-metallic industrial products*).

Private sources such as the Financial Times' fDi Markets also reported a strong recovery in 2021. According to its latest data, in 2021 maximums were set in the number of projects (21), investment (\$1,137 million) and announced employment (4,692). However, the pace of investment in the first three quarters of 2022 seems to have slowed down in number, with just 13 new projects notified worth \$ 1,579 million, a maximum of the historical records, and the creation of 1,980 jobs.

According to data recently published by the Registry, the evolution of employment derived from foreign investment in Castilla-La Mancha has been very remarkable since 2015 (+96%). After five years of continuous growth, at the end of 2020, the last year for which data are available, there were 60,692 workers in FDI related jobs in the region, after a year-on-year growth of 16%. The stock of employment linked to foreign investments represented 7.4% of the employed population in Castilla-La Mancha in 2020.

The foreign investment position also registered an increase in the last update, to 1,390 million euros (+12%), above the growth registered at the national level. Stock levels, which are very influenced by the headquarters effect (Castilla-La Mancha is the region most penalized by it), have remained relatively stable, above 1 billion since 2010. In 2020 it represented 3.5% of regional GDP. The Spanish average of the investment stock to GDP ratio stands at 45.3%, and places the Castilla-La Mancha figure well below the real importance of FDI in the economy. This is due to the fact that Castilla-La Mancha is the Spanish region that is most affected by the headquarters effect -measured in terms of fixed tangible assets in relation to the investment stock-. Even so, in

the last ten years, Castilla-La Mancha has increased the participation of FDI in regional GDP by half a point.

Fixed tangible assets dropped significantly in the last year for which there is data available (2020), to 5,315 million, breaking a six-year growth cycle and falling back to 2018 values. Despite the decline, the figure is almost double the figure for 2009. In relative terms, fixed tangible assets represent 13.4% of regional GDP.

According to 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 parent company -Global Ultimate Owner-, or with direct foreign shareholders controlling 10 % or more).

Key Messages

- FDI flows received by Castilla-La Mancha in 2021 amounted to 187 million euros, the second highest figure in the historical records. Cross-border mergers and acquisitions accounted for 76 percent.
- According to preliminary data, Castilla-La Mancha attracted 173 million of investment in the first three quarters of 2022. These data must still be taken with caution, due to calendar effects (notifications in some sectors tend to be concentrated in the last quarters of the year) and the impact of specific one-off acquisition operations on the data.
- In 2021, three countries exceeded 20 million euros of investment in Castilla-La Mancha (Netherlands, Israel and France). The first three quarters of 2022 include notable investments in Castilla-La Mancha by the United States (over 100 million), the Netherlands and the United Kingdom (both countries investing more than 15 million).
- Investment in Castilla-La Mancha in the last decade concentrated in the Industrial sector (65.4%), Services (22.7%), the Primary Sector (6.5 %), and Construction (5.4%). In the first three quarters of 2022, Industry absorbed 91.4% of investment.
- In 2021, 21 greenfield projects were announced in Castilla-La Mancha, 50% more than the previous year, with an associated investment of \$ 1,137 million – highest figure of the series – and the generation of 4,692 jobs. For its part, until September 2022, 13 new projects were announced, with an associated investment of \$ 1,579 million, a new maximum, and the generation of 1,980 jobs.
- The investment position or investment stock, which is very influenced by the well-known ‘headquarters effect’, amounted to 1,390 million euros, 3.5% of regional GDP (2020). Fixed tangible assets, for their part, broke a six-year growth cycle and fell back to 2018 values: 5,314 million euros, 13.4% of regional GDP.
- The stock of employment linked to foreign investments in Castilla-La Mancha reached 60,692 jobs after five years of continuous growth, 7.4% of the employed population in the region.
- Castilla-La Mancha is home to 267 companies with foreign capital.

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

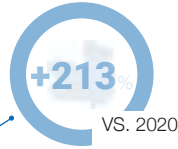
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
A. Gross Productive Investment Flows, Millions of Euros											
Investment Registry. *Data up to September 2022											
CLM	52	25	130	53	108	184	243	78	60	187	173
<i>Evolution</i>	-88.8%	-52.4%	429.1%	-59.0%	102.2%	70.9%	31.8%	-67.8%	-23.2%	212.5%	
B. Stock of employment											
Investment Registry											
CLM	30,031	27,575	31,855	31,091	38,128	44,368	46,750	52,375	60,692		
<i>Evolution</i>	-1.7%	-8.2%	15.5%	-2.4%	22.6%	16.4%	5.4%	12.0%	15.9%		
C. Stock of productive investment, Millions of Euros											
Investment Registry											
CLM	1,099	1,281	1,476	1,387	1,344	1,423	1,172	1,243	1,390		
<i>Evolution</i>	-10.6%	16.6%	15.2%	-6.0%	-3.1%	5.8%	-17.7%	6.1%	11.8%		
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. *Data up to September 2022											
CLM	4	10	7	4	5	9	14	20	14	21	13
<i>Evolution</i>	-50.0%	150.0%	-30.0%	-42.9%	25.0%	80.0%	55.6%	42.9%	-30%	50.0%	
F. Cross-border greenfield investment, Millions of USD											
fDi Markets - Financial Times. *Data up to September 2022											
CLM	133	286	276	55	168	421	772	953	815	1,137	1,579
<i>Evolution</i>	148.1%	115.2%	-3.5%	-80.2%	206.7%	151.0%	83.3%	23.5%	-14.5%	39.5%	38.8%

FOREIGN INVESTMENT IN CASTILLA-LA MANCHA

Gross productive FDI inflows

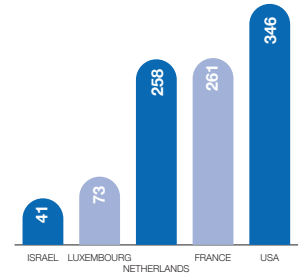
187

MILLIONS OF € IN 2021



Major investor countries

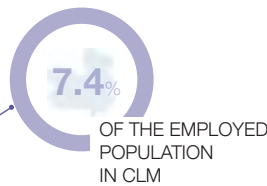
Millions of €
2012-2021



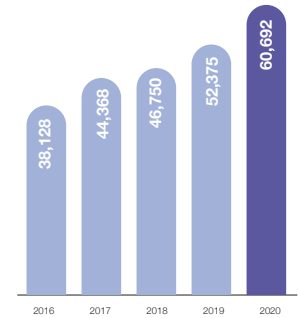
FDI employment in Castilla-La Mancha

60,692

WORKERS IN FDI-RELATED JOBS



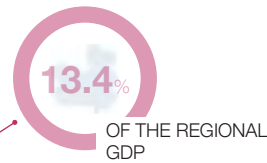
Evolution 2016-2020



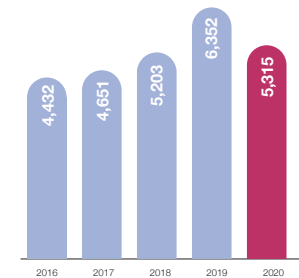
FDI Fixed tangible assets in Castilla-La Mancha

5,315

MILLIONS OF € IN 2020

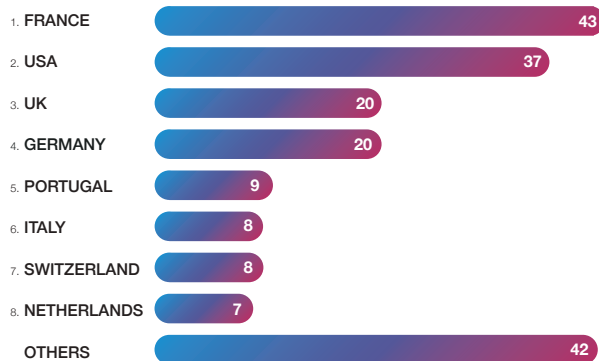


Evolution Millions of € 2016-2020

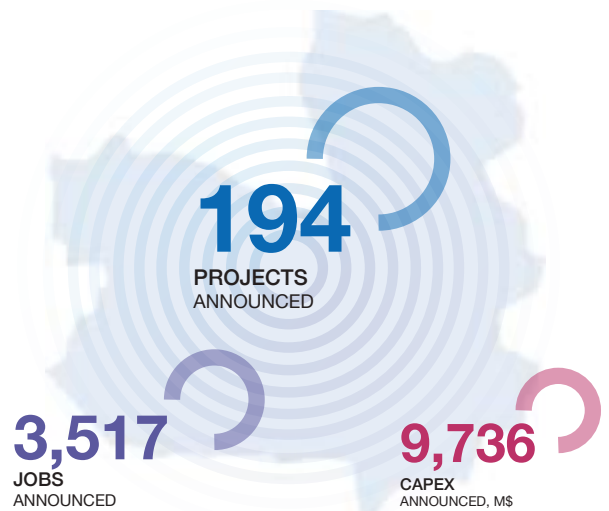


FDI cross-border greenfield projects

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



Source: IDI Markets, December 2022



1.

FDI IN THE WORLD

Global investment flows increased by 64% in 2021, to \$1.58 trillion, surpassing the pre-Covid-19 level.

Indicators for the end of 2022 reveal an uncertain and regionally uneven outlook for global FDI.

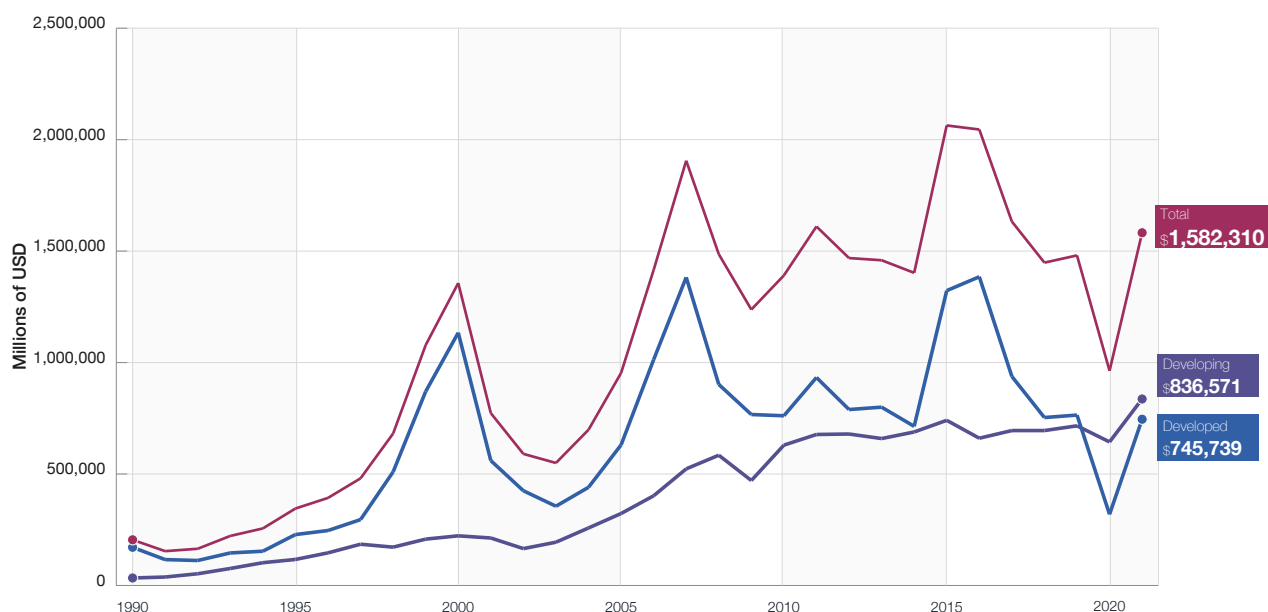


Castilla-La Mancha



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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 rebounded strongly in 2021, rising 64% to the UNCTAD estimate of \$1.58 trillion**, surpassing thus the pre-Covid-19 level. However, this figure is still below the figures of 2015, 2016 and 2017. It should be remembered that 2020 marked the lowest level of flows since 2004, with a figure 22% lower than that of 2009, obtained after the global financial crisis.
- If this trend is consolidated in the coming years, it **will raise important questions about the profitability of investments**, and the new forms that they can take in relation to international production.
- The **boom in the mergers and acquisitions (M&A) market** and, above all, the **reinvestment of profits** by multinational companies (MNEs), accounted for most of the growth in FDI in 2021.
- **All types of investment operations grew**, both in number and in value, although unevenly. The favorable financing conditions in the markets led to a 68% increase in international project finance. Cross-border M&As posted a 43% increase, and greenfield project announcements grew 11%, after a sharp drop in 2020.
- Among the sectors that announced the most greenfield projects in 2021 are some industries that are **intensive in global value chains (GVC)** such as electronics and the car making industry, which were hit hard during the first year of the pandemic. The growing demand for microchips led producers to initiate several mega-investment projects. Regarding M&A, it was the **digital, information and communication** and **pharmaceutical sectors** that led the cross-border operations.
- The **US** remained the world's largest recipient of FDI in 2021, thanks in part to the boom in cross-border M&A deals. FDI flows to the **European Union (EU)** reached \$138 billion, the lowest level since 1997, mainly due to large fluctuations in direct flows, including negative values in transit countries such as the Netherlands or Luxembourg, which suffer strong fluctuations in this context of high reinvestment.
- The **prospects for global FDI in 2022 are still uncertain**. The broad macroeconomic impact of the war in Ukraine, new outbreaks of the pandemic, high energy and raw material prices, inflationary pressures and bottlenecks in the availability of labor, as well as interruptions in supply chains are among the major risks for global investments.

2.

FDI IN SPAIN

In 2021, Spain received 29,755 million euros of productive FDI flows (non-ETVE), 21% more than in 2020. Cross-border corporate operations were highly relevant.

In the first three quarters of 2022, Spain received 22,457 million euros of investment, 29% more than the average for the same period in the last decade.



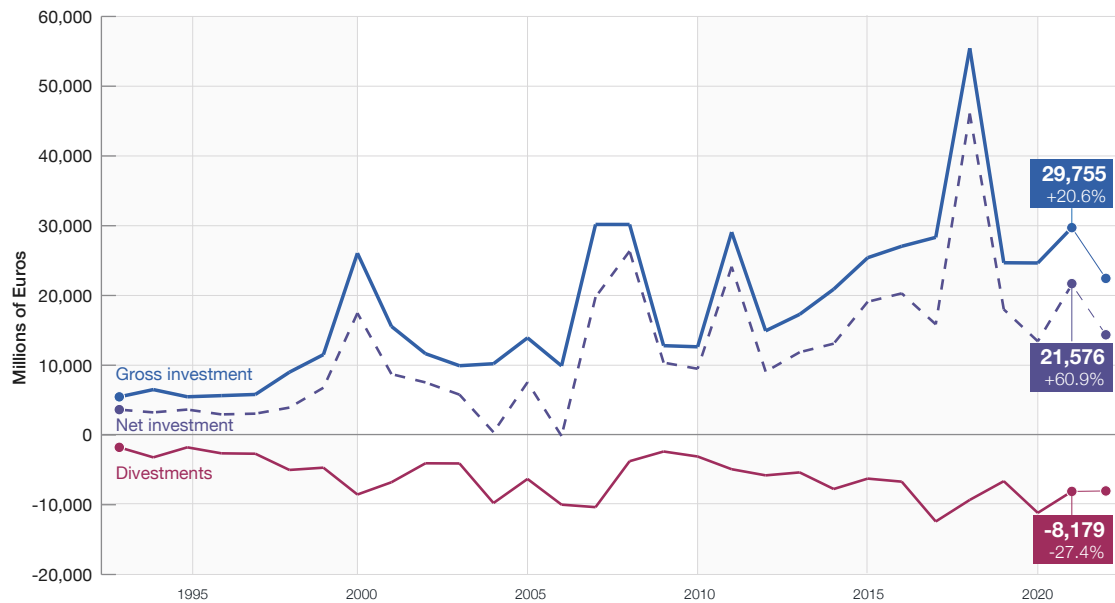
Castilla-La Mancha



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



Source: Investment Registry, December 2022. Data up to September 2022

Key Messages

- In 2021, **Spain received 29,755 million gross productive investment**, 20.6% more than in 2020, a year in which flows had remained stable despite the COVID pandemic. This is the second highest figure in the last decade, only behind the exceptional investment volumes of 2018.
- **In the first nine months of 2022, Spain attracted 22,457 million of investments**, a figure 29% higher than the average for the same period of the last decade (17,402 million). These figures must be treated with due caution, since they suffer from a calendar effect (notifications tend to be concentrated in the last quarter of the year and can be subject to important corrections) and are therefore preliminary figures (see *Methodological Note in the Annex*).
- In 2021, **divestments fell 27.4% year-on-year**, meaning **net productive investments rose 60.9% in the year, to €21,576 million**.
- **Acquisitions had a significant impact on the flows received** by Spain in 2021. They represented 52% of the total, ahead of **expansions** (27%) and **new investments** (greenfields and brownfields, 21%). In the first nine months of 2022, expansions represented 48% of investments.
- Spain receives flows of productive FDI mostly from other **OECD countries** (87% in the last decade, 93% in the first three months of 2022). Of these, **Europe** stands out as the main investor (61% in the last decade).
- In 2021, four countries, **France, USA, United Kingdom and Australia**, invested more than 2,000 million euros in Spain. Three other countries, Germany, Sweden and Japan, exceeded the 1 billion mark. **In the first three quarters of 2022, the USA, United Kingdom, Germany, Australia and France invested over 1,000 million in Spain**.
- Investment flows in Spain are directed mainly to the **Services** sector (59% of flows in the last decade), followed by **Industry** (28%), **Construction** (11%) and the **Primary Sector** (2%). In 2021, both Industry (36%) and Construction (21%) increased their share of flows thanks to corporate operations, but in 2022 these have returned to their average.
- In the first nine months of 2022, investments in **Manufacturing, Information and communications, Energy supply, Sports activities, Real estate activities and Professional, scientific and technical activities** stood out, all of them attracting over 1,000 million in investment.

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

Autonomous Community	Flows			Q1-Q3 2022	Stock		Fixed Tang. Assets		Employment	
	2012-2021	2021	YoY		2020	YoY	2020	YoY	2020	YoY
Community of Madrid	173,521	21,826	18.0%	14,534	346,580	7.6%	28,889	7.0%	512,915	-1.1%
Catalonia	41,155	3,091	-1.0%	2,477	68,077	9.0%	28,134	-5.8%	354,643	1.2%
Basque Country	12,744	1,540	75.3%	2,275	19,973	33.4%	4,970	-4.1%	74,333	0.4%
Andalusia	5,934	970	23.5%	301	11,945	75.0%	19,824	-4.3%	163,432	12.3%
Valencia	5,714	864	144.2%	648	7,624	9.1%	9,161	5.2%	120,854	4.6%
Asturias	3,490	45	-10.9%	274	13,156	15.8%	4,387	0.5%	34,960	9.0%
Balearic Islands	3,433	248	116.1%	410	10,341	5.0%	4,511	-10.2%	24,421	-10.7%
Castilla and Leon	2,063	136	138.9%	409	4,929	78.1%	7,560	-3.2%	79,580	2.0%
Galicia	2,235	223	147.9%	27	9,232	71.3%	5,719	-12.4%	68,511	2.5%
Navarra	1,692	118	-2.2%	600	2,192	-1.1%	2,879	0.4%	39,363	9.4%
Aragon	1,406	201	696.9%	55	4,738	7.5%	6,377	7.5%	63,740	4.3%
Canary Islands	1,183	87	12.2%	236	2,888	1.2%	4,209	-16.2%	36,022	-10.3%
Castilla-La Mancha	1,120	187	212.5%	173	1,390	17.8%	5,315	-16.3%	60,692	15.9%
Murcia	1,105	97	-46.8%	14	1,711	-6.6%	2,740	-6.6%	25,324	7.5%
Extremadura	710	16	-93.2%	8	667	-33.9%	1,686	-9.7%	10,583	7.7%
La Rioja	521	70	1234%	6	893	2.6%	683	-6.0%	10,695	7.8%
Cantabria	296	25	n.a.	8	1,498	-1.4%	1,002	-12.0%	16,039	1.4%
Ceuta and Melilla	28	1	-54.8%	0	109	n.a.	295	-5.8%	1,328	11.7%
Not Assigned	9,709	9	-47.0%	2						
TOTAL	268,667	29,755	20.6%	22,457	507,943	-4.5%	138,340	-4.2%	1,697,634	2.4%

Source: Investment Registry, December 2022. Data up to September 2022

Table 2. Normalized gross FDI flows by region
2021

Autonomous Community	Gross FDI flows (Millions of €)	FDI/Population (€)	FDI/GDP (%)	FDI/ Total FDI (%)	Population/Total (%)	GDP/Total (%)
Community of Madrid	21,826.3	3,232.9	9.30%	73.4%	14.2%	79.4%
Basque Country	1,539.8	695.5	2.15%	5.2%	4.7%	5.9%
Catalonia	3,091.2	398.2	1.35%	10.4%	16.4%	79.0%
La Rioja	70.2	219.6	0.82%	0.2%	0.7%	0.7%
Balearic islands	247.6	211.1	0.82%	0.8%	2.5%	2.5%
Navarra	118.0	178.4	0.58%	0.4%	1.4%	1.7%
Valencia	864.2	170.9	0.77%	2.9%	10.7%	9.3%
Aragon	201.2	151.7	0.53%	0.7%	2.8%	3.1%
Andalusia	970.4	114.5	0.60%	3.3%	17.9%	13.3%
Castilla-La Mancha	187.4	91.4	0.44%	0.8%	4.3%	3.5%
Galicia	223.0	82.7	0.35%	0.7%	5.7%	5.2%
Murcia	96.6	63.6	0.30%	0.3%	3.2%	2.7%
Castilla and Leon	136.4	57.2	0.23%	0.5%	5.0%	4.8%
Cantabria	45.4	44.9	0.19%	0.2%	2.1%	1.9%
Asturias	24.7	42.3	0.18%	0.1%	1.2%	1.1%
Canary Islands	87.4	40.2	0.20%	0.29%	4.6%	3.5%
Extremadura	15.9	15.0	0.08%	0.05%	2.2%	1.7%
Ceuta and Melilla	0.6	3.6	0.02%	0.00%	0.4%	0.3%
TOTAL	29,755.2	627.7	2.47%			

Source: Investment Registry and INE, December 2022

3.

FDI FLOWS IN CASTILLA-LA MANCHA

In 2021, Castilla-La Mancha attracted FDI flows worth 187 million euros, the second best record of the decade. This figure is 213% higher than that registered in 2020.

In the first three quarters of 2022, Castilla-La Mancha attracted flows worth 173 million euros.



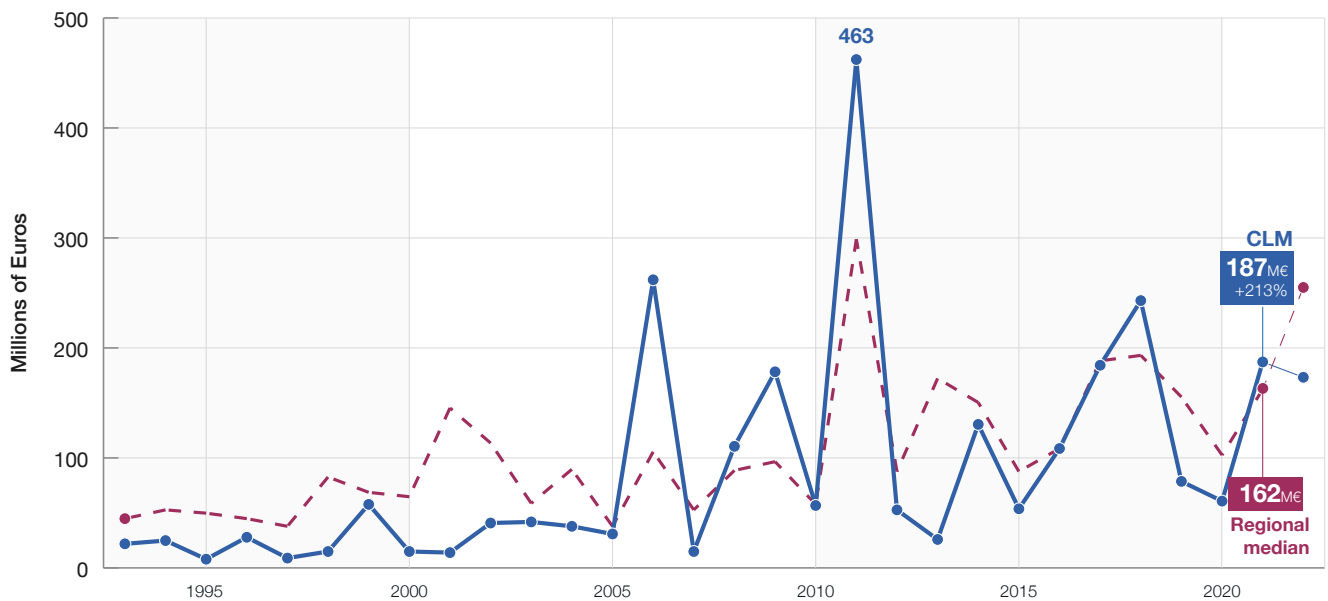
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Figure 3. Evolution of gross productive FDI in Castilla-La Mancha
Millions of €, Non-ETVE



Source: Investment Registry, December 2022. Data up to September 2022

Key Messages

- Spain's investment statistics are very influenced by Madrid's capital city status, which affects the figures both from a purely methodological point of view (referred to as the 'headquarters effect') and from the point of view of the real attractiveness for investors. **Castilla-La Mancha is thus clearly underrepresented in the figures offered by the different official sources.**
- In 2021, **Castilla-La Mancha received flows of gross productive investment worth 187 million euros**, the second best record of the decade. After two very weak years (78 and 60 million in 2019 and 2020 respectively), the figure is 67% above the annual average in the last decade.
- In the first three quarters of 2022, CLM attracted FDI flows worth 173 million**, thus ranking as the eleventh region in terms of reception of flows. In the first quarter, CLM attracted 29.3 million, 28.3 million in the second and 115.7 million in the third, **156% more than the average for the first three quarters of the last decade.**
- Since statistics on investment started to be compiled, CLM has attracted an **average of 87 million euros per year**. Since 2015, this figure has risen to 131 million euros per year.
- Flows have fluctuated between the **minimum volume of flows received in 1995** (7 million) and the **maximum reached in 2011** (463 million), the year in which a strong French investment was undertaken in the Cement sector.
- In the last decade, Castilla-La Mancha has received **€55 of gross foreign investment per capita and year**, reaching an average of €91 per inhabitant in 2021.
- Investments in ETVEs (holdings) in Castilla-La Mancha have been marginal**, barely representing 14% of the total investments received by the region since 1993; there have been no investments of this type in the last four years.
- Acquisitions** represented **43% of FDI in CLM** during the last decade, **19%** corresponded to **greenfield investments**, and **39%** to **expansions** of existing investments. In 2022, until September, **acquisitions represented 76% of FDI flows**, **expansions 10%** and **new investments** (greenfield or brownfield) **14%**.

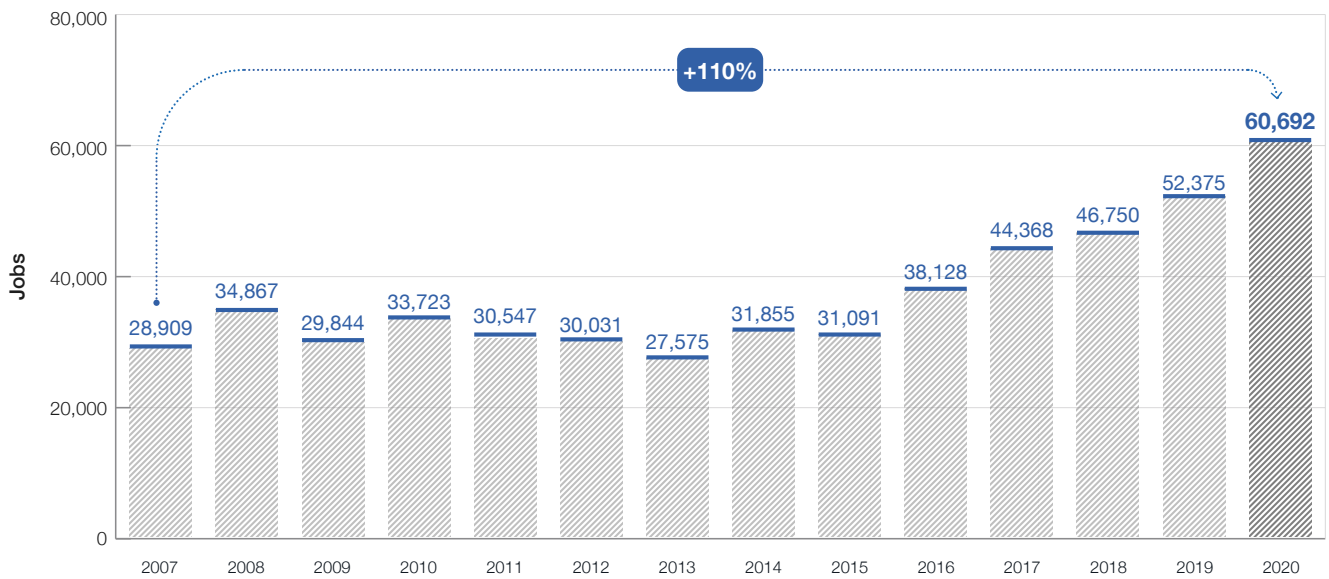
4.

EMPLOYMENT STOCK

The evolution of employment derived from the stock of foreign investment in Castilla-La Mancha has been very notable since 2015 (+96%).

After five years of continuous growth, in 2020, there were 60,692 workers in FDI related jobs in the region.

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



Source: Investment Registry, December 2022

Key Messages

- As has happened in the rest of Spain, **employment levels linked to foreign investment in Castilla-La Mancha have recovered notably in recent years**, having more than doubled since 2007.
- In 2020, the last year for which the Registry offers data on the investment stock, there were **60,692 workers in FDI related jobs in the region**, 3.6% of the national total, after growth of 15.9% year-on-year.
- The employment stock linked to foreign investment in CLM represented **7.4% of the employed population in the region in 2020**.
- The **six main investing countries concentrate 74% of employment** in foreign companies in the region. Investments from **France** account for 14,867 jobs (24.5% of the total number of FDI related jobs), those from the **USA** 12,122 jobs (20%), those from **Germany** 7,890 jobs (13%), the **Netherlands** 4,830 jobs (8%), those from **Switzerland** 3,340 jobs (5.3%), and those of **United Kingdom** 2,213 jobs (3.6%).
- The list of the top 10 countries whose investments generate the most employment is completed by **Spain** (investments in CLM of subsidiaries of Spanish companies abroad, 2,017 jobs), **Austria** (1,924 jobs), **Italy** (1,853) and **Denmark** (1,642).
- In the last year for which there is data available, the largest increases (in absolute values) in employment were registered in companies from **Germany** (+2,901 jobs), **France** (2,250), **USA** (1,397), **Austria** (582) and the **Netherlands** (518). The largest decreases were observed in companies from **China** (-183), **India** (-183), **Luxembourg** (-157) and **Switzerland** (-149).
- Since 2007, the largest increases in employment in absolute values have come from investments from the **USA** (+8,544 jobs), **France** (7,384), the **Netherlands** (2,768), **Austria** (1,810) and **Denmark** (1,623). Conversely, the largest decreases in employment have taken place in **subsidiaries of Spanish companies abroad, Sweden, Colombia, Liechtenstein and Taiwan**.
- Concentration at the sector level is also high. The **Services** sector accounts for 60.5% of the 60,692 jobs in the region, ahead of **Industry** (34.4%), **Construction** (3.2%) and the **Primary Sector** (1.9%).
- **Five subsectors concentrate 84% of employment**. The most noteworthy is the **Manufacturing industry**, with 19,634 jobs (32.4% of the total), followed by **Administrative activities** (11,306 jobs, 18.6%), **Wholesale and retail trade** (8,954 jobs, 14.8%), **Transport and storage** (7,845 jobs, 12.9%) and **Information and communications** (2,977 jobs, 4.9%).

5.

INVESTMENT STOCK AND FIXED TANGIBLE ASSETS

In 2020, the stock of FDI increased by 11.8% in Castilla La Mancha, to 1,390 million euros, and represented 3.5% of regional GDP.

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

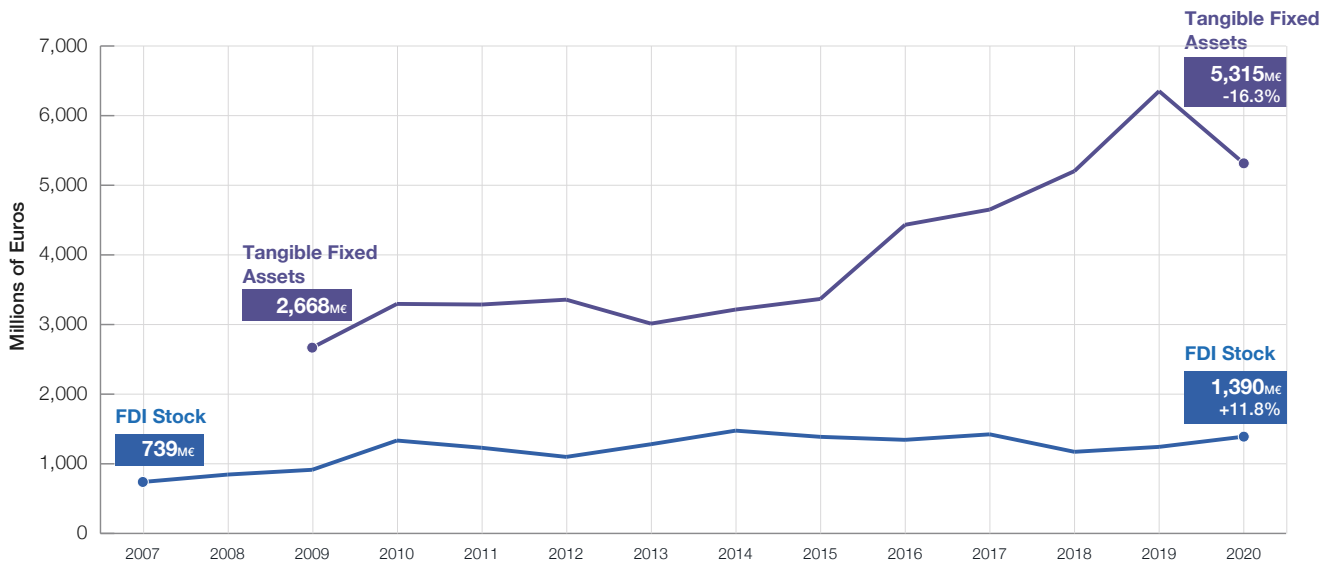


Castilla - La Mancha



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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, December 2022

Key Messages

- The stock of FDI is an indicator of **investors' lasting confidence** in the local economy and its companies.
- The foreign investment position in Castilla-La Mancha in 2020, according to the Investment Registry, was **1,390 million euros** (only taking productive investments -Non-ETVE- into account), equivalent to 0.3% of the national total.
- Stock levels, which are highly influenced by the 'headquarters effect'¹, have remained relatively stable in CLM, above 1,000 million in the last decade. Last year they increased significantly, (+11.8%), compared to the increase registered at the national level (4.5%).
- The stock of productive FDI represented **3.5% of regional GDP** in the year, equivalent to 679 euros per capita.
- **Fixed tangible assets** provide a clearer picture as to where the investment is actually 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.
- Thus, **fixed tangible assets linked to foreign investment in Castilla-La Mancha reached 5,315 million euros** in 2020, 3.8% of the national total. This figure was considerably less compared to the previous year (-16.3%), and broke a six-year growth cycle. Even so, this figure is 58% higher than that registered in 2015.
- Castilla-La Mancha is the eighth region in Spain in terms of fixed tangible assets. In relative terms, **fixed tangible assets represents 13.4% of regional GDP** and 2,599 euros per capita.
- Fixed assets are not exempt from biases though: they represented only 27.2% of the total investment stock in 2020 in Spain, they tend to be more represented in industrial regions than in regions more oriented to the service sector, and, by definition, do not take into account financial and intangible assets.

¹ See methodological note in the annex: through the Basic Headquarters Effect, the impact of the methodology for allocating investments to the regions where the company headquarters 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

Between 2003 and 2021 Castilla-La Mancha received 181 greenfield projects. 21 of them were announced in 2021, with an associated investment of \$1,137 million and the generation of 1,980 local jobs.

Until September 2022, 13 new projects were announced in CLM for a value of \$1,579 million.

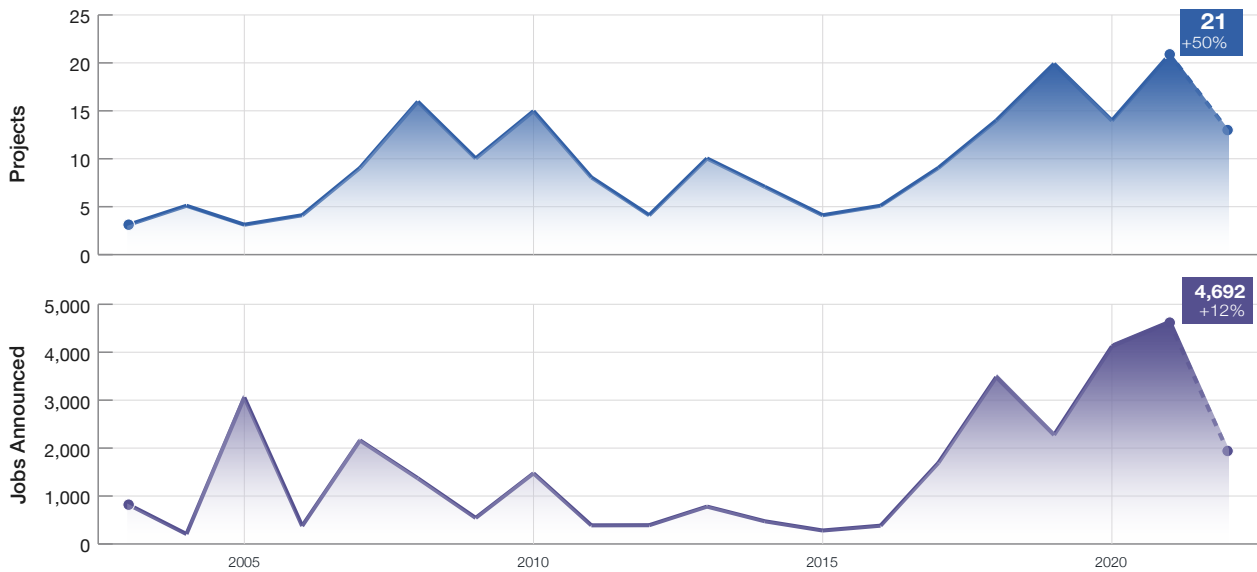


Castilla - La Mancha



IPEX

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



Source: fDi Markets, December 2022. Data up to September 2022

Key Messages

- Spain has received **3.3% of all greenfield projects announced worldwide since there is data for this indicator (2003): 484 projects per year on average**, which have generated \$15,601 million in investment and 48,954 local jobs annually.
- These figures have increased notably in recent years: between **2017 and 2021**, Spain received **742 projects per year**, \$23,038 million and 76,481 jobs.
- Castilla-La Mancha is the **ninth region that receives the most projects in Spain since the beginning of the record**, a position it has maintained since 2015.
- According to fDi Markets, **Castilla-La Mancha has received 181 greenfield projects** (10 per year and 2% of the Spanish total), with an **accumulated investment of \$8,158 million** and the generation of **29,537 local jobs**.
- These figures have increased significantly in recent years: since 2015, **CLM has received 100 projects**, with an average investment of **\$59 million per project** and the generation of **192 jobs per project**.
- In 2021, **maximum numbers of projects (21), investment (\$1,137 million) and announced employment (4,692)** were reached. Between January and September 2022, **13 new projects** worth **\$1,579 million** were announced, **with the creation of 1,980 jobs. This figure already exceeds the investment announced in all of 2021 and marks a maximum in the records.**
- The province of **Toledo** concentrated 47.4% of the projects received since the beginning of the records (92), 47.4% of the investment (\$4,612 million) and 49.6% of employment (15,620). **Guadalajara** (57 projects, 8,431 jobs), **Albacete** (16 projects, 1,752 jobs), **Ciudad Real** (15 projects, 4,175 jobs) and **Cuenca** (4 projects, 517 jobs) follow.
- **France** has been the main investor in Castilla-La Mancha in terms of number of projects (43), while the **USA** leads in terms of investment volume (\$3,535 million, 36.3% of the total) and employment (9,648, 30, 6%). Since 2003 and in the last five years, **Germany, United Kingdom and Portugal** also stand out among the main investors.
- Five sectors concentrate more than 68% of the projects received by Castilla-La Mancha in all the records. The **Retail Trade sector** (22.7%) and **IT and electronics** (15.5%) attracted most of the flows, followed by **Financial Services** (14.4%), **Creative Industries** (9.3%) and **Professional Services** (6.2%).

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

Province	Projects				Capex				Employment			
	Total (No.)	(%)	2015-2022* (No.)	(%)	Total (M€)	(%)	2015-2022* (M€)	(%)	Total (Jobs)	(%)	2015-2022* (Jobs)	(%)
Toledo	92	47.4%	44	44.0%	4,612	47.4%	1,876	46.8%	15,620	49.6%	10,729	66.0%
Guadalajara	57	29.4%	35	35.0%	2,414	24.8%	1,268	30.9%	8,431	26.8%	6,270	32.8%
Albacete	16	8.2%	4	4.0%	299	3.1%	45	1.1%	1,752	5.6%	480	2.5%
Ciudad Real	15	7.7%	7	7.0%	1,230	12.6%	147	3.6%	4,175	13.2%	305	1.6%
Cuenca	4	2.1%	4	4.0%	453	4.6%	372	9.1%	517	1.6%	517	2.7%
Not specified	10	5.2%	6	6.0%	729	7.5%	390	9.6%	1,022	3.2%	841	4.4%
Total	194		100		9,736		4,099		31,517		19,148	

Source: own elaboration, based on fDi Markets, December 2022. *Data up to September 2022

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

Country	Projects				Capex				Employment			
	Total (No.)	(%)	2015-2022* (No.)	(%)	Total (M€)	(%)	2015-2022* (M€)	(%)	Total (Jobs)	(%)	2015-2022* (Jobs)	(%)
France	43	22.2%	18	18.0%	1,233	12.7%	613	10.4%	4,667	14.8%	2,343	12.2%
USA	37	19.1%	23	23.0%	3,535	36.3%	2,295	56.0%	9,648	30.6%	5,692	29.7%
Germany	20	10.3%	10	10.0%	590	6.1%	337	8.7%	2,142	6.8%	1,286	6.7%
United Kingdom	20	10.3%	10	10.0%	1,049	10.8%	362	8.7%	3,405	10.8%	1,876	9.8%
Portugal	9	4.6%	5	5.0%	535	5.5%	320	8.4%	1,901	6.0%	838	4.4%
Switzerland	8	4.1%	4	4.0%	184	1.9%	127	2.1%	422	1.3%	170	0.9%
Italy	8	4.1%	3	3.0%	232	2.4%	116	2.0%	339	1.1%	144	0.8%
Netherlands	7	3.6%	6	6.0%	244	2.5%	166	3.8%	1,067	3.4%	617	3.2%
Denmark	6	3.1%	3	3.0%	162	1.7%	96	1.7%	936	3.0%	353	1.8%
Japan	5	2.6%	1	1.0%	184	1.9%	71	1.2%	476	1.5%	133	0.7%
Singapore	4	2.1%	4	4.0%	333	3.4%	333	8.6%	2,592	8.2%	2,592	13.6%
Luxembourg	4	2.1%	3	3.0%	184	1.9%	173	2.9%	1,576	5.0%	1,549	8.1%
Belgium	3	1.5%	0	0.0%	97	1.0%	0	0.0%	141	0.4%	0	0.0%
Sweden	3	1.5%	1	1.0%	360	3.7%	228	3.9%	1,146	3.6%	1,000	5.2%
Brazil	2	1.0%	0	0.0%	17	0.2%	0	0.0%	64	0.2%	0	0.0%
Canada	2	1.0%	1	1.0%	81	0.8%	78	1.3%	96	0.3%	54	0.3%
China	2	1.0%	2	2.0%	123	1.3%	123	2.1%	118	0.4%	118	0.6%
Mexico	2	1.0%	1	1.0%	73	0.8%	18	0.3%	130	0.4%	60	0.3%
Philippines	1	0.5%	0	0.0%	20	0.2%	0	0.0%	70	0.2%	0	0.0%
Israel	1	0.5%	1	1.0%	368	3.8%	368	9.2%	78	0.2%	78	0.4%
Argentina	1	0.5%	1	1.0%	17	0.2%	17	0.3%	40	0.1%	40	0.2%
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	0.3%	0	0.0%	78	0.2%	0	0.0%
Australia	1	0.5%	0	0.0%	15	0.2%	0	0.0%	85	0.3%	0	0.0%
Russia	1	0.5%	1	1.0%	25	0.3%	25	0.4%	88	0.3%	88	0.5%
Norway	1	0.5%	1	1.0%	11	0.1%	11	0.2%	26	0.1%	26	0.1%
Finland	1	0.5%	2	2.0%	18	0.2%	18	0.3%	91	0.3%	91	0.5%
Total	194		100		9,736		5,000		31,517		19,148	

Source: own elaboration, based on fDi Markets, December 2022. *Data up to September 2022

7.

ORIGIN OF INVESTMENTS

In 2021, Castilla-La Mancha received FDI flows mainly from OECD countries, mostly from European countries. The Netherlands, Israel, France and USA were the main investors in the year.

In the first three quarters of 2022, the USA, the Netherlands and the United Kingdom consolidated as the main investors in the region.



Castilla-La Mancha

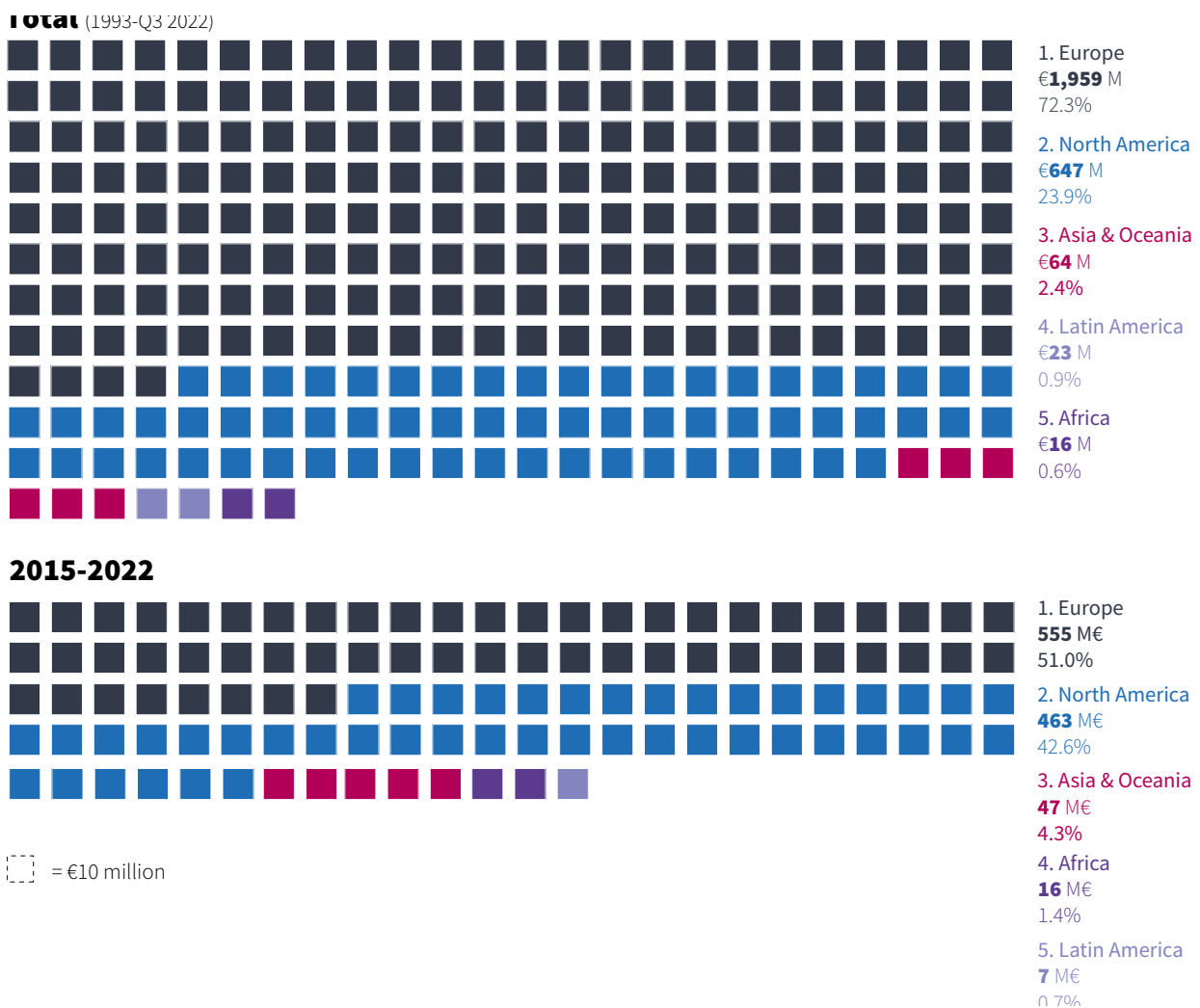


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INVESTICIONES PROMOCIÓN EXTERNA

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

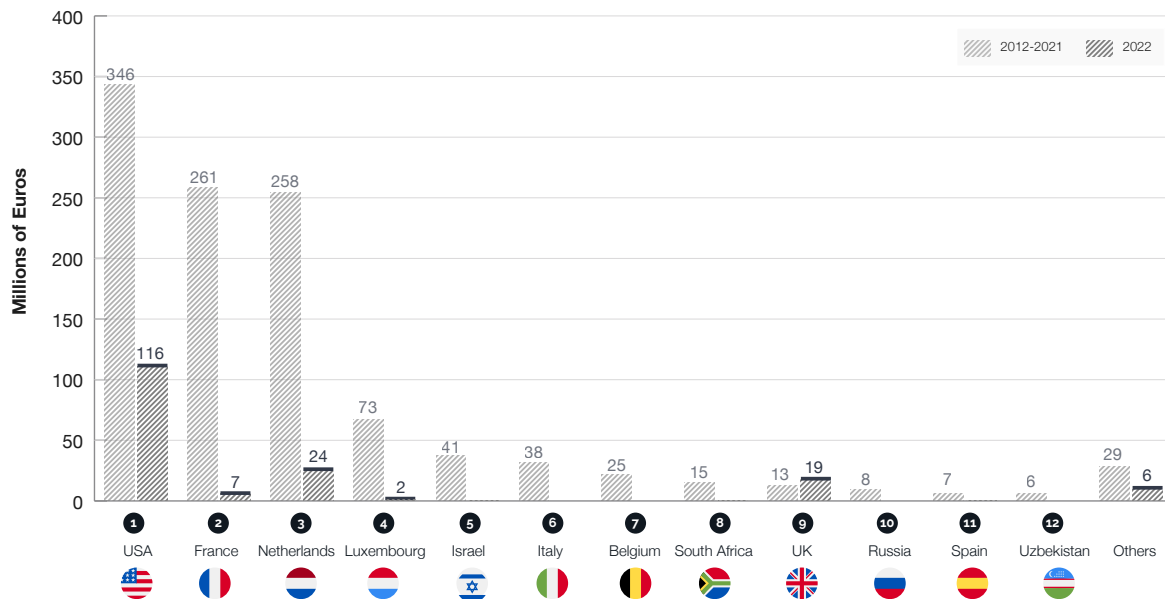


Source: Investment Registry, December 2022. Data up to September 2022

Key Messages

- Regarding the origin of these investments, in which the country of origin is the **ultimate country** (the one in which the chain of ownership is exhausted), and considering only productive investment, Castilla-La Mancha receives flows mainly from **other OECD countries** (97% in the entire historical record, since 1993, 96% in the last decade).
- Within the OECD, **European countries are the main source, of investments**, with 62% in the last decade, although they have lost part of their share (they came to represent 88% of total investments between 2002 and 2011).
- Almost all European investment comes from **EU-14 countries**.
- **North American** investments represent 31% of the flows received by Castilla-La Mancha since 2012, well above the figure of previous decades (24% in the entire historical record).
- Investments from **Asia and Oceania, Latin America and Africa** continue to be marginal in Castilla-La Mancha, according to official data from the Registry. However, investments from Asia and Oceania amounted to 4% of the total since 2015.
- In the first three quarters of 2022, investments from **European** countries accounted for 31.5% of the total flows received; **North America** 67.2% of the total investment. There were hardly any investments from Asia or the African continent.

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



Source: Investment Registry, December 2022. Data up to September 2022

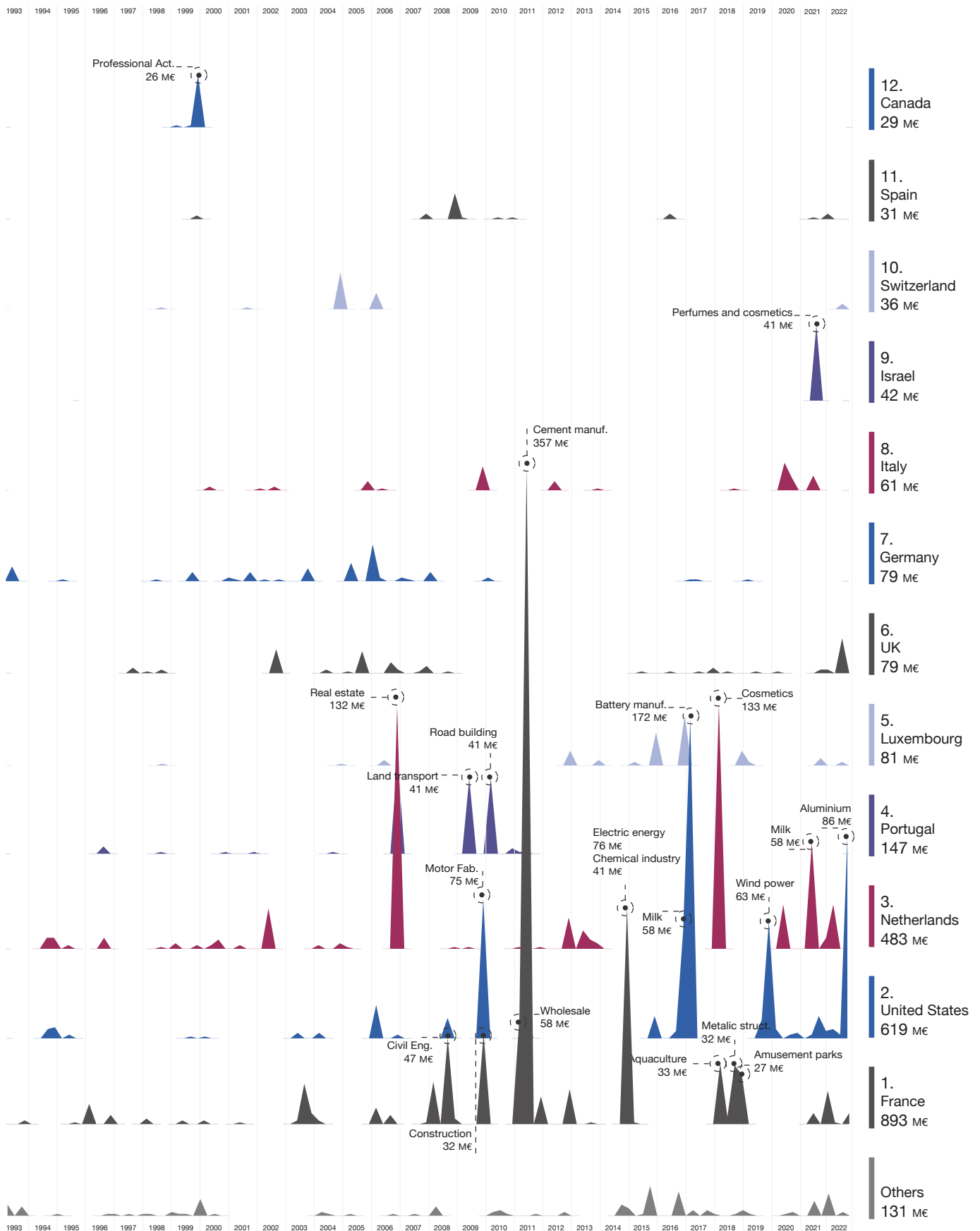
Key Messages

- In 2021, **significant investments from the Netherlands, Israel, France and the USA** were undertaken in Castilla-La Mancha in the sectors of *Construction, Chemical industry, Energy supply and Manufacture of transport material*.
- 34% of the investment in 2021 came from the **Netherlands** (€58M in *Construction of non-residential buildings*). **Israel** accounted for 22% of the flows, thanks to investments of €40.5M in *Manufacture of perfumes and cosmetics*. **France** follows, with 13% of the total (€24.4M), divided between *Electricity supply and Agriculture and livestock*.
- In the first three quarters of 2022, there were notable investments undertaken in Castilla-La Mancha by the USA (€116.4M, mainly in *Aluminum production and Electricity supply*), the **Netherlands** (€23.7M, mostly investments in the Food industry) and **the United Kingdom** (€18.6M in *Manufacture of other non-metallic mineral products*).
- If we analyze a longer time-frame, we can see that **France** has been the main investor in CLM since 2010 (38.5% of flows), thanks to strong investments in 2011 -*Cement manufacturing* (Lafarge, €357M) and in *Wholesale trade* (€58M)-, 2014 -€76M in *Electric Power Production* and €41M in the *Chemical Industry*- and 2018 -*Freshwater Aquaculture, Manufacture of metal structures and*

Amusement Parks (Puy de Fou)-.

- The **USA** has been the second investing country since 2010 (27.0% of the total), with strong one-off investments in 2017 -€170M in the *Manufacture of batteries and electric accumulators*-, in 2019 and the ones mentioned above in 2022.
- The **Netherlands** ranked as the third investor in the period (15.7% of the total) thanks mainly to investments in 2018 in *Wholesale trade of perfumery and cosmetic products* and investments made in 2021.
- Next are investments from **Luxembourg** (4.2%), **Portugal** (2.6%) and **Israel** (4.4%). The ten main countries have concentrated 96% of the investment received by Castilla-La Mancha since 2010.
- **European countries tend to invest directly**, although Luxembourg invests partially through Switzerland (33%) and the Netherlands (23%), and Italy through the Netherlands (32%), as does Switzerland (61%). The USA channels its investment through France (43%), the Netherlands (31%) and United Kingdom (12%), while Canada channels 94% through France. Investment from Spanish subsidiaries abroad also comes through the Netherlands (87%).

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



Source: Investment Registry, December 2022. Data up to September 2022

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

Country	FDI Flows Total (M€)		FDI Flows 2012-2021 (M€)		FDI Flows 2021 (M€)		Employment Stock 2020 (Jobs)	
	(M€)	(%)	(M€)	(%)	(M€)	(%)	(Jobs)	(%)
France	893	32.9%	261	23.3%	24	13.0%	14,867	24.6%
USA	619	22.8%	346	30.9%	17	9.1%	12,122	20.0%
Netherlands	483	17.8%	258	23.1%	65	34.6%	4,830	8.0%
Portugal	147	5.4%	1	0.0%	0	0.0%	1,079	1.8%
Luxembourg	81	3.0%	73	6.5%	4	2.3%	491	0.8%
United Kingdom	79	2.9%	13	1.1%	4	2.2%	2,213	3.6%
Germany	79	2.9%	3	0.3%	0	0.0%	7,890	13.0%
Italy	61	2.3%	38	3.4%	8	4.6%	1,853	3.1%
Israel	42	1.5%	41	3.6%	41	21.6%	746	1.2%
Switzerland	36	1.3%	0	0.0%	0	0.0%	3,191	5.3%
Spain	31	1.1%	7	0.6%	4	1.9%	2,017	3.3%
Canada	29	1.1%	0	0.0%	0	0.0%	557	0.9%
Belgium	27	1.0%	25	2.2%	12	6.4%	213	0.4%
Denmark	20	0.8%	1	0.1%	0	0.0%	1,642	2.7%
South Africa	15	0.6%	15	1.4%	0	0.0%	0	0.0%
Russia	8	0.3%	8	0.7%	8	4.1%	1,046	1.7%
Uzbekistan	6	0.2%	6	0.6%	0	0.0%	0	0.0%
China	5	0.2%	4	0.4%	0	0.0%	608	1.0%
Brazil	5	0.2%	0	0.0%	0	0.0%	8	0.0%
Taiwan	4	0.2%	0	0.0%	0	0.0%	4	0.0%
Andorra	4	0.1%	3	0.3%	0	0.0%	16	0.0%
Uruguay	3	0.1%	1	0.1%	0	0.0%	0	0.0%
Colombia	3	0.1%	3	0.3%	0	0.0%	0	0.0%
Ireland	3	0.1%	0	0.0%	0	0.1%	114	0.2%
Chile	3	0.1%	1	0.1%	0	0.0%	2	0.0%
Others	23	0.8%	11	1.0%	0	0.2%	5,185	8.5%
Total	2,710		1,120		187		60,692	

Source: Investment Registry, December 2022. Data up to September 2022.

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 concentrated 65.4% of foreign investments in the last decade, the Services Sector 22.7%, the Primary Sector 6.5% and Construction 5.4%.

In the first nine months of 2022, 91.4% of investments were undertaken in the Industrial Sector.

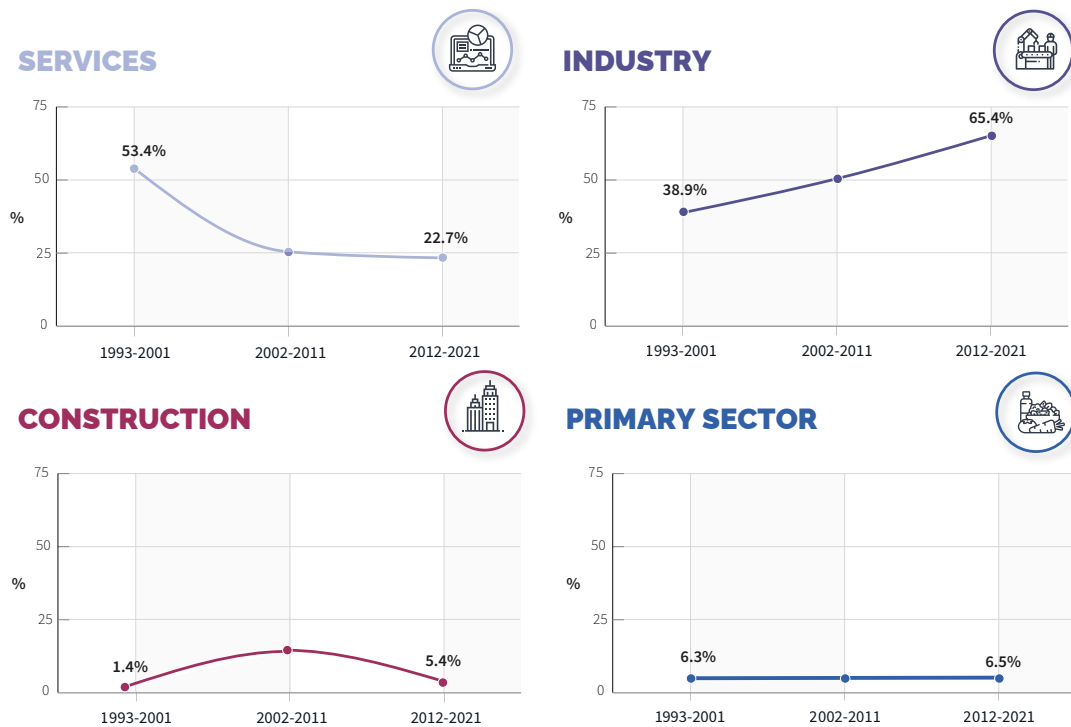


Castilla-La Mancha



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

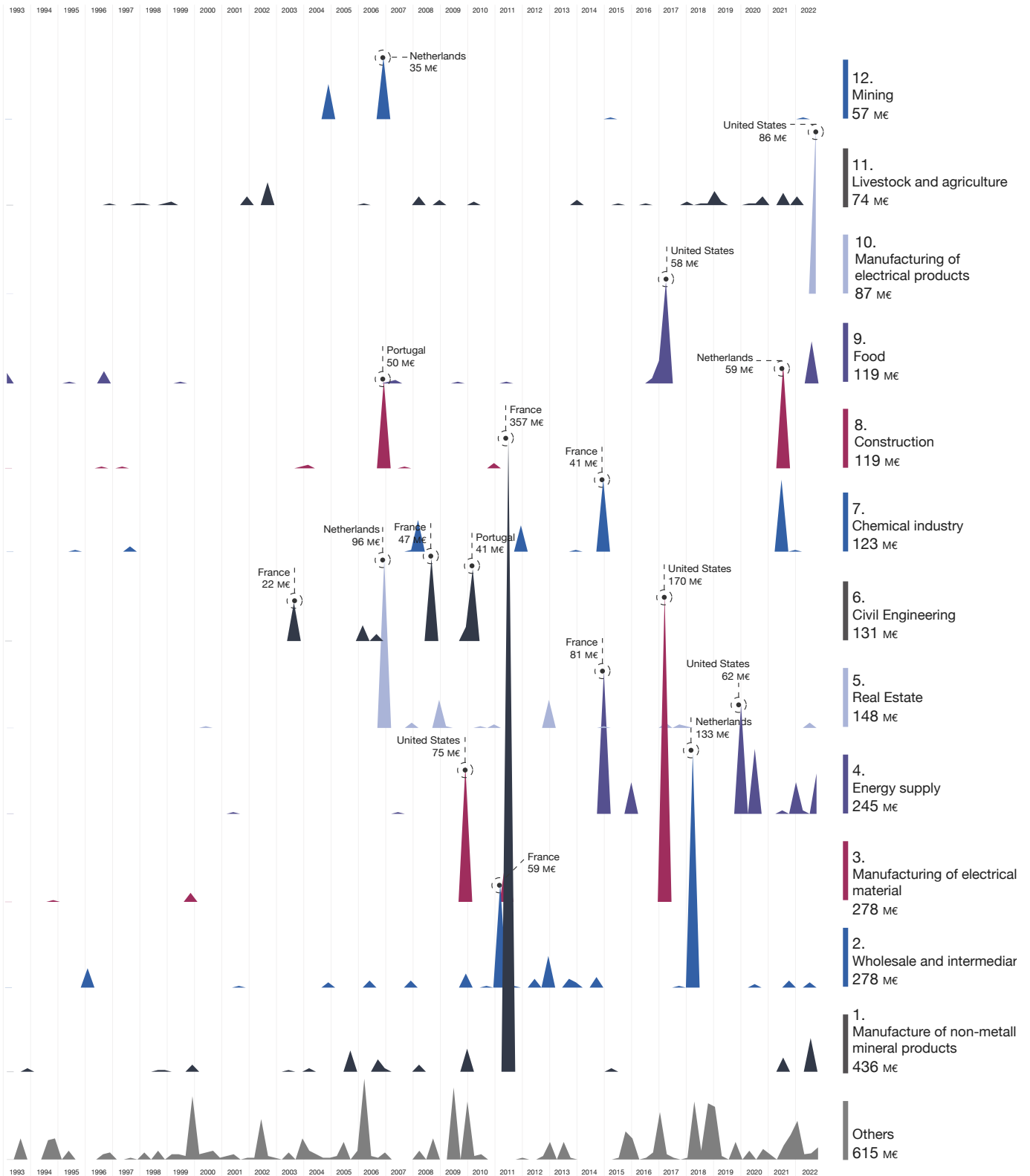


Source: Investment Registry, December 2022. Data up to September 2022

Key Messages

- Unlike the main destinations of FDI in Western European countries, **Industry** has attracted the bulk of the productive FDI received by Castilla-La Mancha, with 58% of the flows received throughout the historical record, and 65.4% in the last decade (2012-2021).
- Investments in Industry in this last decade have concentrated mainly in *Electricity Supply, Manufacture of Electrical Material and Equipment, the Chemical Industry and the Food Industry*.
- The **Services Sector** has received 24.8% of CLM's flows since the beginning of the records and 22.7% in the last decade. These figures are probably highly conditioned by the 'headquarters effect'.
- Since 2012, the bulk of investments in **Services** were made in the *Wholesale trade and intermediaries*, followed at a great distance by *Recreational activities, Real estate activities and Retail trade*.
- The **Construction** sector, after a strong start to the century, represented just 5.4% of flows in the last decade. Practically all the investment in it was concentrated in this period in *Building Construction*.
- Investments in the **Primary sector** represent 6.1% of the total, a participation similar to the average since the beginning of the records in 1993. *Investments in Aquaculture* in 2018 and in *Agriculture and livestock* in 2021 stand out.
- **2021** was a very marked year for operations in *Building Construction* - €58.8M - and the *Chemical Industry* -€41M-, as well as *Energy Supply* and *Manufacture of other Transport Material*.
- In the **first three quarters of 2022**, practically half of the investment flows were concentrated in the *Metallurgical sector and the Manufacture of iron and steel products* (85.7 million). The *Energy Supply and Food Industry* sectors attracted around 24 million while the *Manufacture of other non-metallic mineral products* sector accumulated investments worth 18.6 million.

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



Source: Investment Registry, December 2022. Data up to September 2022

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

CNAE	Sector	FDI Flows 1993-2001 (M€)		FDI Flows 2002-2011 (M€)		FDI Flows 2012-2021 (M€)		Employment Stock 2020 (Jobs)	
			(%)		(%)		(%)		(%)
	Primary sector	12	6.3%	79	6.4%	73	6.5%	1,140	1.9%
	Construction	3	1.4%	224	18.2%	61	5.4%	1,948	3.2%
	Industry	72	36.9%	623	50.6%	732	65.4%	20,875	34.4%
	Services	99	53.4%	305	24.8%	254	22.7%	36,729	60.5%
01 to 03	Agriculture, livestock and fisheries	11	6.0%	24	1.9%	72	6.4%	252	0.4%
05 to 09	Extractive industries	0	0.2%	55	4.5%	2	0.1%	899	1.5%
10 to 33	Manufacturing industry	72	36.5%	621	50.5%	511	45.6%	19,634	32.4%
35	Electric energy	1	0.4%	2	0.2%	218	19.5%	76	0.1%
36 to 39	Water and waste management	0	0.0%	0	0.0%	3	0.3%	1,165	1.9%
41 to 43	Construction	3	1.4%	224	18.2%	61	5.4%	1,948	3.2%
45 to 47	Wholesale and retail trade	21	11.5%	83	6.7%	191	17.1%	8,954	14.8%
49 to 53	Transport and storage	0	0.2%	48	3.9%	0	0.0%	7,845	12.9%
55 to 56	Hospitality	0	0.2%	0	0.0%	0	0.0%	769	1.3%
58 to 63	Information and communications	33	17.9%	0	0.0%	1	0.1%	2,977	4.9%
64 to 66	Financial activities	6	3.2%	1	0.0%	2	0.2%	733	1.2%
68	Real estate activities	2	0.9%	120	9.7%	23	2.1%	61	0.1%
69 to 75	Professional, scientific and technical activities	35	18.6%	3	0.2%	3	0.2%	964	1.6%
77 to 82	Administrative activities	2	0.9%	35	2.8%	2	0.2%	11,306	18.6%
84	Public administration and defence	0	0.0%	0	0.0%	0	0.0%	31	0.1%
85	Education	0	0.0%	0	0.0%	0	0.0%	19	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	0.1%	14	1.2%	31	2.8%	245	0.4%
94 to 96	Other services	0	0.0%	2	0.1%	0	0.0%	1,097	1.8%
	Total	186		1,231		1,120		60,692	

Source: Investment Registry, December 2022. Data up to September 2022

9.

IPEX-INVEST IN CLM



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?

MAIN REASONS TO INVEST

1

Strategic location

A bridge between the European Union & Northern Africa

2

World-class infrastructures & excellent communication networks

3

An ecosystem that fosters R&D and innovation

4

Available industrial land

5

A supportive Government

committed with attracting investments

6

Great package of grants and incentives

7

Talent

A highly educated workforce

8

Quality of life

A welcoming and safe land to work and live in

10.

ANNEXES AND METHODOLOGICAL NOTE



Castilla-La Mancha



GOBIERNO REGIONAL
DE CASTILLA-LA MANCHA

IPEX

INSTRUMENTOS PARA EL PLANIFICACION ECONOMICA

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:** A 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 main 'regions' in some years). The problem may arise if the company does not indicate where the activities generated by the investment will be carried out, in which case the amounts are assigned to the domicile declared by the investors (its parent company in the country). Given the strong concentration of these sites in the Communities of Madrid and Catalonia, this has a strong impact on the regional distribution of the data (site 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.

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 (2008-2021) 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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