

Region of Valencia^v

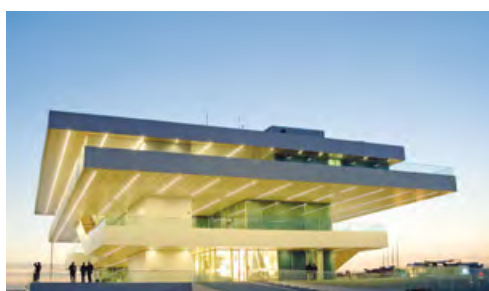
Creative, welcoming and modern

The region where the people are as warm and bright as the sunshine. Home to creativity, innovation and some of the most interesting celebrations on the planet, it is a place where welcoming traditions effortlessly blend with the 21st century

Global FDI
REPORTS



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“Among the millions who have come for a visit, many have decided to settle here”

Ximo Puig
President of the Region of Valencia



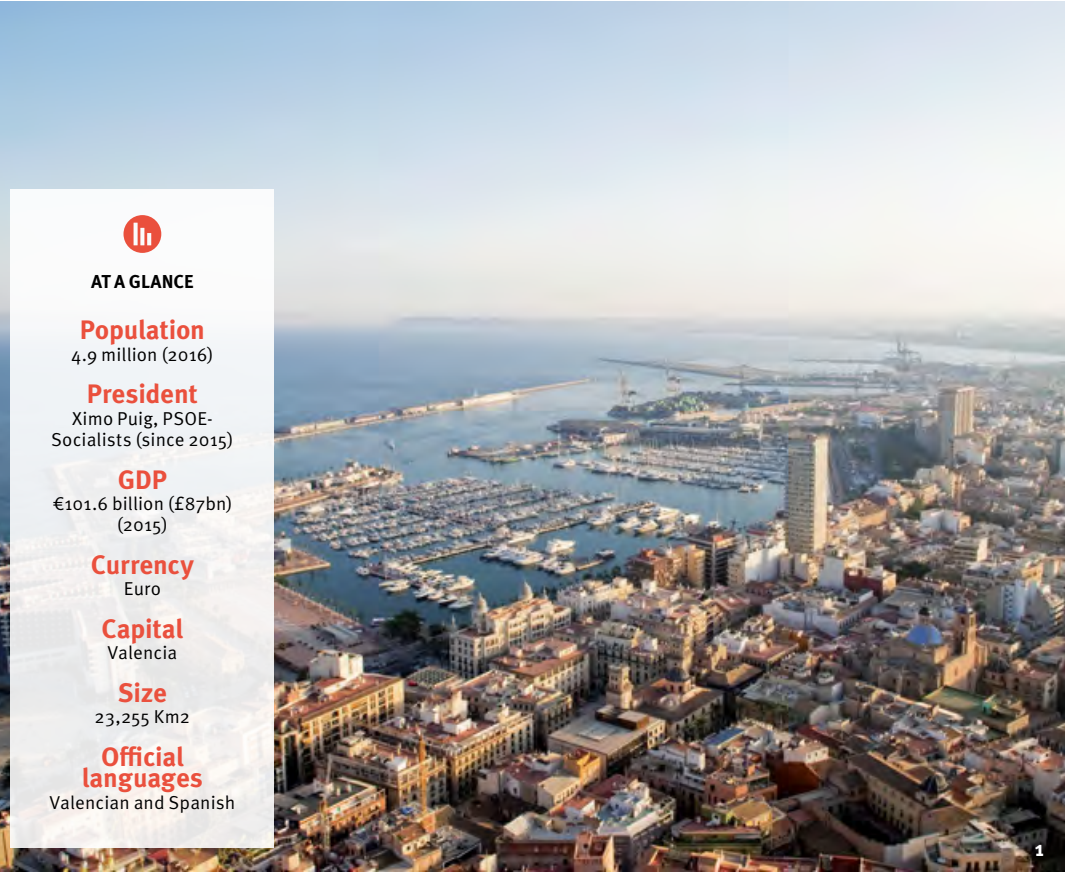
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Where passion meets Mediterranean cool

Writer: Alyssa McMurtry

OVERVIEW The Region of Valencia may be famous for its beaches, paella and love of fire, but its true significance goes much deeper. Brimming with creativity, passion and zest for life, and blessed by prime real estate, Valencia has developed into one of the most influential and avant-garde regions of Europe

Occupying the prime site in the middle of Spain's stretch of Mediterranean coast, the Region of Valencia has been a hub of culture, history and trade throughout its history. Today the region is still a highly strategic location and home to some of the most fertile land in Europe. The region is divided into three provinces: Valencia, Alicante and Castellón. Alicante, the southernmost province, is a craft powerhouse, renowned for its high-quality shoes and textiles. The white sandy beaches that make up the Costa Blanca extend over 200km of Alicante's Mediterranean coastline. The province of Valencia is home to the region's glamorous capital city of the same name. The third-largest city in Spain with around 800,000 inhabitants, Valencia boasts a striking mixture of ultra-modern architecture, natural splendour and Mediterranean authenticity. With a beautiful coast on its front steps and rugged mountains in its backyard, Castellón is the northernmost province of the region. This

industrial and agricultural hub is also home to Peñíscola, a historic town that stands in for Meereen, the fictional city of slavers in the HBO television series Game of Thrones.

The region's reputation for creativity and passion is illustrated by its famous Fallas festival

Joined by the Valencian language and Mediterranean culture, the Region of Valencia marches to the dazzling beat of its own drum. Marked by its history that stretches back to the times of the Romans, shifting into the hands of Muslim Arabs and then back to Christians, the unique

melting of cultures remains imprinted on the streets, the land and the people. Today it is home to some of Spain's most forward-thinking businesses, researchers and universities. The region's reputation for creativity and passion is illustrated by its famous Fallas festival. Each year, artists spend months creating intricate sculptures, which are later torched to the ground during the peak of the celebrations. Perhaps it is this unique representation of life which has gone on to inspire the region's most successful sons and daughters, including the impressionist painter Joaquín Sorolla. Today, the region is in a healthy state of recovery. After the recent financial crash, which devastated the economy and drove unemployment to historic levels, Valencian society had to re-think its business values. Now, a new government is taking concrete steps towards responsible development that fosters the region's talent, resources and passionate spirit in a sustainable and creative way.

Credit where it's due

Writer: Nick Funnell

INVESTMENT Already home to major multinationals and acknowledged as one of Spain's leading regions for doing business, Valencia is seeking to secure its economic future by backing innovation and making sure that all businesses get the support they need to grow

Valencia's strategic Mediterranean location, superb climate and business-friendly environment has already drawn numerous multinationals to the region. Ford's huge plant in Almussafes – the car manufacturer's largest single site worldwide – is perhaps the jewel in the crown with a number of major automotive supplier firms also nearby, including Dr Schneider and SRG Global. Other regional success stories include Japan's UBE Corporation and German-owned Chilworth in the chemicals industry, Saudi Arabia's Obeikan in food packaging and Cessna, part of US-owned Textron, in aviation. Valencia is also home to the headquarters of Spain's enormous Mercadona supermarket chain. The Valencia Institute of Finance (IVF), the financial arm of the regional government, is the entity dedicated to growing businesses locally and is looking to the future with a focus on support and innovation. Valencia was ranked the fourth best Spanish region to conduct business in the World Bank's 2015 Doing Business in Spain report. At the same time, it has several research and development networks and five of its 11 universities have science parks – ideal for training a highly competitive and skilled professional workforce. Regional labour costs are below the national and European averages.

Today the IVF boasts credit lines worth millions of euros to increase competitiveness, encourage entrepreneurship and innovation – a major turnaround from the

floundering, debt-ridden organisation that Director General Manuel Illueca inherited from the previous regional administration two years ago. "It was not quite

The vision is to create a promotional lender similar to the British Business Bank

liquidated, but it was dead for all intents and purposes." Illueca's determination for the IVF to be part of the solution, rather than part of the problem, has been a key aspect of the transformation. Its restructuring of the indebted regional lender SGR, which supplies loans to small- and medium-sized companies, and its search for a private investor to grow the

troubled Feria de Valencia trade fair facilities have won back trust and helped overcome any worries that the new leftist regional administration would not be business friendly, Illueca says. "On the contrary, this government clearly understands that in order to have something to share out, you need to grow, and in order to grow, you need to work with the private sector." Illueca's vision is to create a promotional lender similar to the British Business Bank that will provide Valencian companies with the funding they need to expand. In particular, he wants to support the riskier, innovative projects that will help transform the regional economic model and escape its reliance on tourism.

BRACING FOR BREXIT

Due to its deep ties to the United Kingdom, the Region of Valencia may be one of the most affected regions when it comes to the impact of Brexit. While the terms of Britain's exit from the EU are still far from clear, the political divorce from Valencia may be especially complicated for both parties.

The Valencia region has a large community of British expats: "We call them our 100,000 British Valencianos," says Ximo Puig, president of the region. "Following the Brexit vote, we guaranteed that they will continue to enjoy the same rights as any other European citizen, including healthcare issues, which is a matter of great concern for senior residents," he adds. In terms of the economic impact, the region's exports to Britain add up to around €3 billion a year. Beyond that, the approximately 2.5 million British tourists that visit every year represent around 35 percent of the region's foreign visitors. The financial implications of Brexit and a weakened British currency are likely to take a negative economic toll, according to BBVA Research. Yet, many business leaders in the region remain optimistic that the strong relationship between the UK and the Valencia region will continue to hold sway. "I think common sense will prevail at the end of the day," says Luis Aires, president of BP (formerly British Petroleum) Spain.

OPINION **Ximo Puig**
President of the Region of Valencia

A place to grow together

If I had to define the Region of Valencia in a single word, I would say, without a doubt, that this is a welcoming region. This is what we are for the millions of tourists who visit the Valencian region each year, many of whom go on to make this region their home, as well as the thousands of companies, including multinationals, which have opened offices here. All of these newcomers have been welcomed by a regional government that provides them with stability and security, a government open to dialogue and which offers a world of opportunities to pave the way for their projects, besides acting as a partner who is always prepared to work towards a common goal. This is a European region located on the coast of the Mediterranean Sea, with more than 300 days of sunshine per year. It also boasts internationally-renowned cuisine, including some of the greatest restaurants in the world, and is home to paella, a dish known all over the globe. But the Region of Valencia is much, much more, and the eight million foreign tourists who visited us in 2016 are testament to this. So, indeed, are the seven sites from the region included in Unesco's World Heritage List, with the Fallas festival included among them. In addition, this region boasts the highest number of musicians per capita in the world, and is home to several prestigious musical festivals that figure prominently on the international circuit. Our hospitality and tolerance has also made us one of the most popular LGBTI destinations in the world. Among the millions who have come for a visit, many have decided to settle here in order to enjoy our quality of life and the peace of mind provided by the public services we offer, including one of the world's best healthcare systems. These former visitors are now our neighbours, who can easily keep in touch with their relatives



Ximo Puig on the patio stairs of the Valencia Regional Government Palace.

and friends thanks to the region's three international airports. But this region is also located in an economically strategic setting, which boasts the largest port in Spain, situated halfway between Barcelona and Madrid, and which is also connected to the Spanish capital and to the country's south by an efficient high-speed railway system. We are also a logistics hub for commercial traffic along the Mediterranean Corridor, enjoying exceptional industrial facilities and highly creative human capital – nurtured in academic institutions that figure prominently in international university rankings. Ours is a dynamic, diverse economy with one of the highest rates of growth in Europe today. As you can see, this region offers a great range of opportunities. Yet we do not want to appear to be one of those regions content to merely proclaim its perfection to the world; we want to be seen as a place that is open to dialogue and prepared to seek out opportunities to improve for all of those who decide to visit us, settle here, or invest

“Ours is a dynamic, diverse economy with one of the highest rates of growth in Europe today”

in the Valencian region. When they come, they will surely find a place that will only get better over time; a place where we can all grow together.

Ximo Puig, of the Spanish Socialist Party's Valencian branch (PSPV-PSOE), took office in June 2015, ending two decades of rule by the conservative Popular Party. Since then, his administration's prime goal has been to improve the international reputation of the major tourist destination with great potential for growth in other economic sectors. This opinion article has been approved by Ximo Puig, President of the Region of Valencia.



BIO - XIMO PUIG

1959
Born in Morella

1983
After working as a journalist, he entered politics, elected as a provincial congressman

1995-2012
Mayor of his hometown, Morella

2012
Elected as Secretary-General of the Socialist Party in Valencia

2015
Became President of the Region of Valencia

A new way of doing business

Writer: *Alyssa McMurtry*

BUSINESS After years marked by wild speculation and the subsequent crash, the Region of Valencia is radically shifting its approach to business. Drawing on its current strengths in manufacturing, agribusiness, tourism, research and health, it looks forward to creating a more productive and welcoming environment that fosters growth and attracts new investment



The geographical situation of the Region of Valencia.

The Valencia region has the fastest-growing economy in Spain. In 2016, it was on the top of the pack, with a GDP growth rate of 3.9 percent. The same was true for 2015, and experts predict similar growth rates for the upcoming years. Yet this growth comes on the heels of five consecutive years of recession that followed in the wake of the global financial crisis, exacerbated by the devastating burst of the region's sizeable real estate and construction bubble.

Ximo Puig, the region's socialist leader who brought a two-decade rule by the conservative Popular Party to an end, says he is on a mission to diversify and strengthen the local economy. His weapons are greater government transparency to encourage investors and a new system to foster collaboration between industry, business and research. It aims to move towards more efficient industry and a knowledge-based economy, focused on innovation and high-quality employment. Despite the region's recent crisis, its economy remains vibrant and strong in several sectors. Valencia's agribusiness industry boasts pioneering methods throughout the value chain, from production to distribution. Home-grown supermarket chain Mercadona, which has seen dizzying growth over the last decade to become Spain's top food retailer, is helping solidify the trend.

With its many beaches, Mediterranean climate and unique culture and history, tourism remains a crucial piece of the economic pie. In 2016, the region hosted an all-time high 7.8 million visitors – up 16.6 percent from the previous year.

The Valencia region also lays claim to a strong manufacturing sector. It is a European leader in terms of ceramics, textiles and shoe production. Beyond that, the Ford vehicle factory in Almussafes is a major economic driver that has led to the creation of a healthy auxiliary industry. It is also home to a number of other multinational companies.

“The region provides us with a stable regulatory environment, which is always good for business. We also benefit from a regional government that supports industry. The government is supporting the industrial base so that it can grow and rebalance our GDP,” says Luis Aires, president of BP (formerly British Petroleum) Spain. His company operates an oil refinery in the province of Castellón, which will see nearly €185 million in investment over the next few years.

The Valencian economy has traditionally been, and continues to be, outward looking. “This region has always been very focused on foreign markets; it's practically part of our DNA to go out and sell,” says Puig. It has evolved from the early days of the Franco era, when a quarter of all Spain's exports were Valencian oranges, to 2016 when its exports were worth a historic €28.7 billion, the second-highest figure of all of Spain's regions. Its outstanding connectivity in terms of its ports, airports and high-speed rail connections also plays a significant role.

Yet the strategy of the Valencian government is to underpin all of its strengths with an increased focus on innovation. The government has announced the creation of the Valencian Innovation Agency, which aims to bring together the region's robust science, research and academic community and its business world. It will also be working across sectors to bring innovative ideas, techniques and best practices to everything from

construction to healthcare, education, tourism and industry.

“We need to make scientific knowledge available to businesses so they can increase their productivity. At the same time, we need to keep the research community informed about what businesses need. Valencia is full of talent and more collaborative relationships will benefit everyone,” says Andrés García Reche, executive vice-president of the innovation agency that is set to begin operating in 2017.



“We are moving towards a new educational method that teaches global, innovative, entrepreneurial thinking”

Francisco Mora
Rector of the Polytechnic University of Valencia (UPV)

Leading sectors



SPAIN'S LOGISTICS HUB

Besides boasting the country's biggest maritime gateway, the Port of Valencia, the region also has high-speed railroads, three international airports, and a strategic location between Madrid and Barcelona.

Photo: Port of Valencia



AGRIBUSINESS

The bread and butter of the Valencian economy. Not only does the region's fertile land make it a great place for farming, Valencia has come up with pioneering methods that make it a leader in organics, distribution and processing.

Photo: Mercadona



LOCAL MANUFACTURING

From the deep-rooted to the modern, the region's long tradition of artisanship has helped make it a worldwide leader in ceramics, shoes, textiles and automobiles.

The Manuel Vera shoe factory in Elda, Alicante province. Photo: valledeld.com



AUTOMOTIVE INDUSTRY

Far removed from Detroit, Valencia boasts one of the world's most high-tech car assembly lines at its Ford plant. Since Ford set up to produce the first Ford Fiesta in the 70s, a strong, cutting-edge industry has followed suit.

Ford Almussafes factory. Photo: Ford Spain



1. Panoramic picture of El Portet beach in Teulada-Moraira, Alicante. 2. The Castle of Xàtiva, located near the city of Valencia. 3. The boardwalk in Alicante's capital, Alicante. Photos: Valencia Region Tourism Board. 4. The entrance to the Oceanogràfic, Europe's largest aquarium. Photo: The City of Arts and Sciences

No break for Valencia's tourist trade

Writer: Nick Funnell

TOURISM Foreign visitors may be flocking in record numbers, but Valencia is taking nothing for granted. Far from complacent, regional tourism officials are working hard to cement their success by focusing on the area's unique attractions and bringing in a diversity of visitors all year round



"We live in a world in which by the time you have learnt the responses, the questions have changed"

Francesc Colomer
Director
of the Valencia
Region Tourism Board

Valencian tourism is hitting record highs. Last year the number of foreign visitors to the region climbed 16.6 percent to 7.8 million – a third of them Brits – while tourist spending grew by a similar proportion – 14.9 percent to €7.491 million (£6.4m). But those responsible for an industry that accounts for 13.2 percent of regional GDP know there's no room for complacency. "We live in a world in which by the time you have learnt the responses, the questions have changed," says Francesc Colomer, director of the Valencia Region Tourism Board (AVT). "We need to become sharper." Thus new developments are set for 2017. A revamped regional tourism bill due to come into force includes plans to combine voices from both the public and private sectors. There's also a new focus on the area's unique attractions, rather than individual destinations. So, yes, that means sun, sand and sea, but it increasingly also means culture, food and nature. The AVT's 'Silk Road' campaign, for instance, aims to highlight the area's history as the last stop on the medieval silk route from the Far East – and forms an important part of its plan to lure more visitors from China, destined to be the globe's biggest tourist market by 2020.

Elsewhere, initiatives such as the Dinosaur Route, which highlights the region's more than 10 paleontological sites; the Mediterranean Music brand, promoting its impressive line-up of summer music festivals, including Benicàssim; and a campaign drawing attention to the area's rich birdlife reflect the diversity of Valencia's attractions. Gastronomy is another area earmarked for heavy investment, while the AVT is also working to be more welcoming to disabled and LGBTI visitors.

The aim is to keep tourists arriving all year round. "We are identifying the opportunities that exist in established

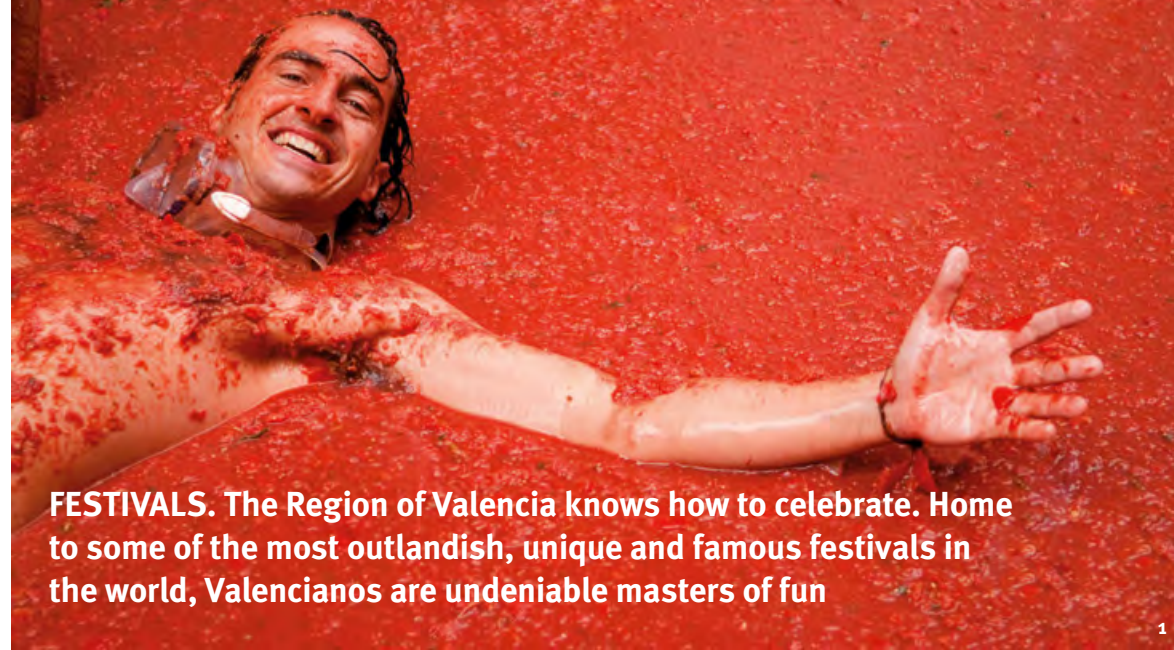
and emerging markets and presenting our portfolio of products," says Colomer. The region has more than enough infrastructure to cope. Passenger numbers at the new Castellón airport, for instance, have been increasing healthily since the first regular routes began operating there in September 2015, but remain well short of full operating capacity. Overall, airport arrivals were up 10 percent last year. Valencia is keen to be in the best possible shape to weather any storms lying ahead. Although Brexit has yet to impact regional tourism, it is by no means taking its millions of loyal British visitors for granted. "For 2017/2018, we are going to invest around 10 times what has been invested in previous years in the British market," Colomer says. As they work to stay ahead of the game, it looks like the region's tourism officials won't be having much time to relax under their own warm Valencia sun in the near future.



A sunset view of the Mediterranean and the city of Alicante from Cape Huertas. Photo: Valencia Region Tourism Board

Incredible Valencian fiestas

Writer: Alyssa McMurtry



FESTIVALS. The Region of Valencia knows how to celebrate. Home to some of the most outlandish, unique and famous festivals in the world, Valencianos are undeniable masters of fun



LA TOMATINA

Perhaps one of the world's most bizarre festivals, La Tomatina takes place in Buñol, Valencia province, on the last Wednesday of every August. This festival begins after one brave soul has climbed up a two-storey high, greased-up wooden pole and reached the ham at the top. That triggers an hour-long, chaotic food fight with tomatoes. The festival dates back to 1945 when two men began throwing tomatoes at people and places in political protest. The celebration was actually banned during Franco's rule, but was revived in the 70s after his death.

1-2. In 2015, approximately 150,000 kilos of tomatoes were thrown during La Tomatina festival. Photos: Valencia Region Tourism Board



LAS FALLAS

Valencia's spectacular annual fire festival, held in honour of Saint Joseph, mixes community spirit, satire and pyromania, and in 2017 was finally included on Unesco's list of Intangible Cultural Heritage of Humanity. Every year neighbourhoods throughout the city come together to build large papier-mâché figures, often irreverent tributes to politicians or celebrities. And then in a sensory overload full of firecrackers, fireworks and crowds,

the floats are taken to squares where they are dramatically set ablaze. A cracking way to welcome the spring.

3. A falla before being burnt to the ground.
4. The traditional fallas look, and preparation for the noisy Mascletà.
5. A falla up in flames.
Photos: Valencia Region Tourism Board



MAGDALENA FESTIVAL

The main festival of Castellón's capital city, the Magdalena Festival lasts for nine days. It commemorates the origins of the city and includes all the crucial elements of a good Valencian celebration: dazzling fireworks, firecracker displays, traditional costumes, music and religion. This festival also includes

giant and elaborate monuments of lanterns called *galatas*, which are defined as "a burst of light, with no fire or smoke".

6. Traditional Magdalena costumes.
7. The special *rotllos* or round breads that were traditionally hung around the necks of pilgrims.
8. *Galatas* at the Magdalena Festival.



BONFIRES OF SAINT JOHN

Yet another festival based on fire, this one ushers in the summer. On the night of June 23, the shortest night of the year, beaches all along the Valencian coast are lit up by bonfires, although the biggest festivals are in Alicante. According to local traditions, anyone who jumps over a bonfire a certain

number of times (depending on the region) will be cleansed and their problems will be burned away.

4-5. Bonfires light up Alicante's beaches.
Photos: Valencia Region and Alicante City Tourist Board

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MEAN 320
SUNNY DAYS
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