

Interview: Joan Josep Berbel, Director, Invest in Catalonia



24.06.2014

Invest in Catalonia discuss the Spanish region's track record when it comes to the pharmaceutical and biotech sectors, where investment is going today in the region, and the factors that make Catalonia a strong regional player in healthcare.

How important is the Catalonia region and Barcelona specifically to the European Life Sciences sector?

90 percent of the life sciences sector in Catalonia is concentrated in Barcelona and its metropolitan area. Catalonia represents 44 percent of Spanish pharmaceutical production and 3.5 percent of European production, similar to the output of Sweden and the Netherlands, and employs more than 20,000 people, 2,560 in R&D activities.

Catalan biotech companies represent 20 percent of Spanish R&D in this sector. There are 512 companies working in the life sciences arena in Catalonia, with joint turnover of EUR 11.527 billion (USD 15.67 billion), more than 33,000 employees and volume of business that accounts for 5.8 percent of Catalonia's GDP. Of these, 194 are biotechnology companies, 40 are pharmaceutical corporations, 54 are medical technology firms, and the rest are investors, suppliers or service companies.

Also, Biocat, the organization that coordinates and promotes the life sciences sector in Catalonia, and the Barcelona City Council have created the Barcelona Biotech brand in order to project the Catalan capital as an attractive, dynamic setting in this arena to attract new talent and international investment.

What makes Catalonia the place of choice for the leading pharmaceutical and biopharmaceutical companies?

Today, Catalonia and Barcelona have become a reference point in the pharmaceutical and biopharmaceutical industry in southern Europe thanks to several factors, such as an unbeatable network of state-of-the-art hospitals, a strong research climate, leading scientific infrastructures, a highly qualified workforce, a critical mass of companies, and international prestige for its medical services and support institutions.

The Catalan healthcare and life sciences sector is a very attractive alternative for those who are searching for products and service manufacturers under strict European quality standards at competitive prices in the international market.

The autonomous regions in Spain are in heated competition among each other in order to attract investments in biotechnology R&D, with some clear leaders such as Catalonia and Madrid, but also emerging players like the Basque Country with the BioBasque initiative, and Aragon's Biomedical Research Center CIBA. Do you think that this is healthy competition, or should more be done to concert efforts on a national level?

Catalonia leads the life sciences sector in Spain. More than 54 percent of European investment in Spain between 2008 and 2014 in biotechnology and pharmaceuticals sectors was spent in Catalonia. Some of these investments have been carried out by Merck, Novartis, Sanofi-Aventis, Astra Zeneca, Boehringer Ingelheim and Menarini Group. Other European investments in Spain to be pointed out include Roche (Madrid), Bayer (Asturias), GlaxoSmithKline (Burgos), Advanced Accelerator Applications (Zaragoza).

There are other regions active in biotechnology like the Andalusia BioRegion, BioBasque (Basque Country), Bioval (Valencia) and the Madrid Biocluster. These five bioregions, including Catalonia, work together as a network in order to drive development in the sector and to facilitate the coordination of initiatives and communication between the Autonomous Communities and the Spanish government. In 2008, the Spanish Bioregion Network was created to foster collaboration.

The main objective is to become a forum to identify good practices, make the most of synergies, exchange knowledge and experience, focus the sector's needs and proposals, and accelerate the sector's development in Spain.

Could you please present to our audience the role and mandate of Invest in Catalonia?

Invest in Catalonia is the Catalan government organization in charge of attracting foreign investment. Our multidisciplinary and pro-business team works free of charge and totally confidentially to attract and maintain business investments, offering tailor-made solutions that help companies implement its investment in Catalonia.

We are offering services to international companies planning first-time investment or looking to expand their activities in Europe and to those already established in Catalonia with expansion plans or new projects.

Main services to be pointed out: project management, investor information, financing and incentives advice, business location, global partnerships, among others.

Our track record from 1985 to 2013: 4,345 investment projects managed, EUR 8.1 billion (USD 11.01 billion) in inward investment and 54,900 jobs created or maintained.

According to the FDI Markets, Catalonia is the leading continental European region in terms of international investment attraction (EUR 2.171 billion, USD 2.951 billion) in 2013.

What kind of initiatives and incentives are directed towards the life sciences sector, making sure Catalonia retains its position as an attractive investment destination?

As a Catalan government agency, we're in the best position to find tailor-made support and financing for investment projects as well as getting all the specific information on incentives and financing options in Catalonia from the Catalan government and other public administrations on a

local, national and European level.

We also accompany companies when presenting projects, as well as during subsequent applications and negotiations.

Some of our present incentives include:

- Incentive program for high impact business investments: companies with high impact investment projects creating new jobs and/or investing in productive fixed assets. Grants up to EUR 1 million (USD 1.359 million).
- Incentives for investments in reindustrialization: loans for industrial manufacturing companies with investments in new industrial centers or the expansion of the existing ones.
- ACCIÀ? R&D projects: R&D projects carried out by private companies established in Catalonia. Private and public research centers and technological centers shall only participate as outsourced entities. Grants up to EUR 120,000 (USD 163,130) for Individual projects and EUR 200,000 (USD 271,883) for cooperative projects.
- CDTI R&D project financing: Loans for private companies carrying out R&D projects. A share of the loan amount will be non-reimbursable.
- CDTI innovation program: loans for companies carrying out technological innovation projects.
- Corporate tax deductions related to R&D: Tax deduction of up to 59 percent of R&D expenses.
- Patent Box: 60 percent of net incomes arising from the letting of the right to use qualifying intellectual property rights are tax-exempt.
- Flat rate for social security contributions when hiring new employees on a permanent basis (until 31st December 2014): Flat rate of EUR 100 (USD 136) for social security contributions in common contingencies.
- Torres Quevedo Program hiring of PhDs: companies, technological centers, business associations and scientific and technological parks hiring PhDs for R&D projects. Grants of up to 75 percent of the employer's hiring cost (salary plus social security employer's contribution).

What are today, the opportunities for investments and partnerships in Catalonia?

Catalonia offers a wide variety of interesting opportunities for investments and partnerships in the mentioned sectors. The pharmaceutical, biotech and med tech sectors are dynamic and innovation-based. This leads many companies to seek out solutions from suppliers specializing in design and materials, and opening up new business opportunities in other industrial sectors through contract manufacturing.

Catalonia is an ideal location for these kinds of activities thanks to an extensive portfolio of industrial suppliers with very competitive prices and labor costs, efficient working hours, competitive energy and transport costs, high quality standards and availability of service companies.

Also, to illustrate the opportunities for investments and partnerships in Catalonia towards the life sciences sector, a couple of our success stories in 2013: the Japanese group Toyobo has established in Catalonia through the acquisition of Spinreact, a subsidiary of the biochemistry

American Alere Inc., specialized in the production of reagents for in vitro diagnosis of diseases. Thanks to this investment, the Japanese group will manage all its biotechnology activity for Europe. Invest in Catalonia has advised Toyobo on the M&A process. It has also provided it with information from both the Tokyo office and Barcelona.

Moreover, the Swiss multinational Novartis has invested EUR 16 million (USD 21.75 million) in the first phase of a total investment of EUR 49.5 million (USD 67.29 million) to expand its production capacity at the plant in Barbera del Valles. This project enhances the Novartis plant there, which has now five new product lines related to inhalation capsules, and becomes a center of excellence. Invest in Catalonia has supported the project in various aspects, including a grant from the Incentives Advisory Unit for job creation given the high number of jobs created and the amount of total investment.

What role do you see Catalonia playing in the future of the European Life Sciences sector?

Catalonia has a lot to offer to this strategic sector. A combination of key factors, starting from research at universities, research centers, excellent science and technology parks, numerous innovative companies, state-of-the-art hospitals doing research, an increasing scientific production to a high qualified workforce.

Spain has been among the five first European countries receiving foreign investment in these sectors between 2010 and 2014 (UK, Germany, Ireland, Russia and Spain), and Catalonia has been the leading region in Spain with a total of 14 investment projects.

Catalonia, as the leading birthplace region of pharmaceuticals in Spain, is home to the five biggest Spanish pharmaceuticals companies: Esteve, GrÃfols, Almirall, Ferrer and Grupo Uriach.

Furthermore, some of the most important foreign pharmaceutical companies are located in Catalonia: Sanofi, Boehringer Ingelheim, Novartis, Pierre Fabre, Bayer, Pfizer, to mention just a few. Amgen, the worldâ??s first biotech company, has also its Iberian headquarters in Barcelona.

Extraordinary infrastructures and a strategic location, make also Catalonia the right place from which to operate in South European markets and beyond, including North Africa and Latin America. Plenty of new medical needs will constantly appear and it can be concluded that Catalonia has a lot to offer to these strategic sectors for health system sustainability and quality of life of citizens.

To read more interviews and articles on Spain, and to download the latest free report on the country, [click here](#).

[See more interviews](#)
