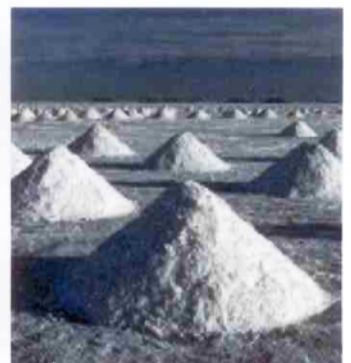
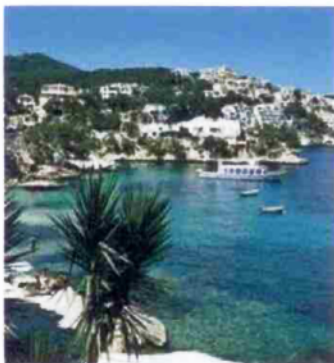


2012

GUIDE DE L'INVESTISSEUR

BALEARES



BALEARIC ISLANDS BUSINESS AND INVESTMENT GUIDE

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For decades, the Balearic Islands have been the chosen destination for the recreation and relaxation of millions of visitors from every corner of the earth. The extraordinary natural and geographical features of the Islands, together with our progress and development, make our community the ideal place for active and enterprising businesspeople.

By updating our Business and Investment Guide, we at the Balearic Ministry of Economy, Business and Employment Promotion aim to place a truly practical tool in the hands of the investor, whatever his/her background may be. We are sure that this guide will be useful in helping to establish the bases for the start of business in our Islands. In a word, facilitating business connections and opening the doors to innovative and creative initiatives are our primary objectives.

José Ignacio Aguiló Fuster

Financial vice president, Business Promotion and Occupation

10 Reasons to invest in the Balearic Islands

1. A privileged geographical location with excellent worldwide connections

Thanks to their geographical location, the Balearic Islands are an ideal business platform to access both the European markets and the rest of the world's growing markets. The Islands boast a strategic position in Spain's most dynamic area.

With 21.1 million passengers in 2010, Palma de Mallorca's Son Sant Joan Airport is one of Europe's leading airports. Moreover, the Islands are home to some of the most important freight and passenger ports in the Mediterranean and Southern Europe, and they are one of the top cruise destinations in the region.

2. Modern inland infrastructure network

The Islands have an extensive transport network that facilitates local connections, thanks to their modern and safe road systems, which are constantly being improved. These roads are used by numerous public transport companies that connect the municipalities with one another and with the capital city of each of the islands.

On the island of Mallorca, the train is a fast and convenient means of transport that is moreover in expansion. The city of Palma also has an underground train that connects the university with the city centre and the industrial areas.

3. An ideal place for professional and business gatherings

Thanks to their features, experience, infrastructures and environment, the Balearic Islands are the ideal backdrop to combine business with pleasure, making them the perfect hosts for important national and international meetings and conventions.

The Islands have quality infrastructures with special features that make them a competitive destination for business events, as they are able to respond to the needs and demands of the specialised conference, convention and incentive trip business sector.

4. An open and dynamic economy

The Gross Domestic Product of the Islands, which is in constant growth, has multiplied the bearing of the Islands on the productive structure of the Spanish economy, boasting a per capita income above the average of the European Union. In fact, the Islands' development pattern is similar to that of the most consolidated economies.

Of the total production of goods, exported by 3% in 2010. The Balearic Islands have a consolidated production sector that is coordinated through an extensive network of industrial parks that produce footwear, clothing, fashion accessories, fashion jewellery and processed foods. Time and again, the Islands have demonstrated their great adaptability to the new market trends. As a result, leading companies of the different production sectors have decided to set up headquarters in the Balearics, alongside the multinational corporations of the tourism industry.

5. A hub for tourism and leisure

The Balearic Islands are the second most popular tourism destination in Spain, with over 9 million international tourists each year.

The Islands are a leading cultural haven thanks to their rich historical legacy, as well as their architecture and heritage, which gives them a special personality and charm. This explains the innovative spirit that permeates the Balearic society and positions it as a benchmark for international culture.

6. Institutional stability and regulatory framework

Within the framework of the European Union, legal and fiscal stability stimulate economic activity, making the Balearic Islands an ideal place for business development.

7. An enterprising and innovative spirit

The Balearic people have initiative. The Balearic Islands are the second autonomous region in Spain with the largest number of businesses per 1,000 inhabitants. They are the headquarters of internationally renowned fashion and design firms that use quality production systems equipped with innovative, environmentally friendly technologies.

The Balearic economy's combined heavy demand and entrepreneurial spirit generates a long chain of synergies. The result is a persistently dynamic market and a continual increase in business opportunity.

8. Professional and skilled human capital

The Balearic Islands boast a young, highly skilled, well trained and extremely motivated human capital. In fact, human resources production is currently in full expansion in the Islands.

The Balearics are home to powerful educational centres. In this sector, the role played by the Balearic Islands University (UIB) is essential, as it offers a wide variety of professional degrees to satisfy the needs for specialists in all areas of business and industry.

9. Excellent quality of life and working conditions

The Balearic Islands enjoy a pleasant climate most of the year round, with landscapes of vast environmental beauty. This greatly contributes to the Islands' positioning as one of the regions with the highest quality of life.

Moreover, the Islands have a modern, high-quality infrastructure network that offers services in the social, healthcare and educational areas, making for a solid and constructive social climate.

10. Incorporation of new technologies

The Balearic Islands have a great capacity for innovation, making them attractive for the new technologies sector. Initiatives have been launched to take full advantage of the potential of telecommunications, in an aim to attract clean industries and activities with high added value in the areas associated with scientific research.

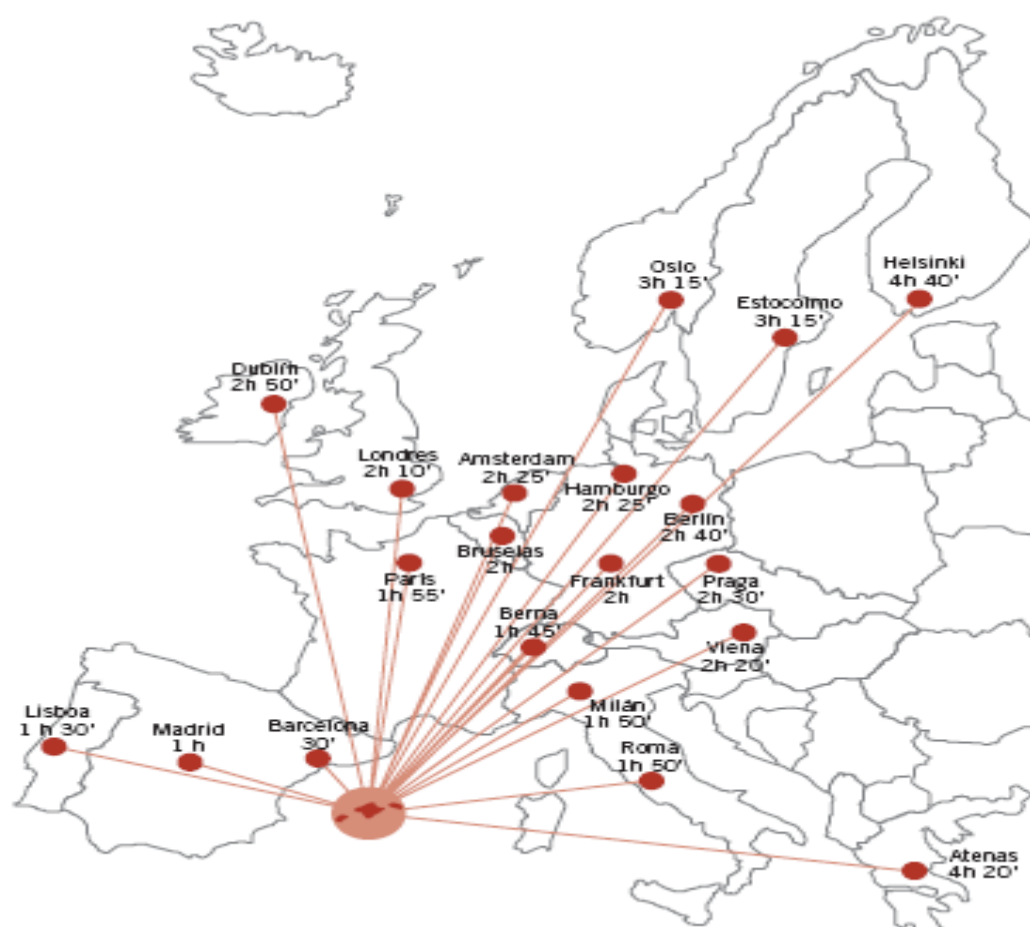
One of the primary underpinnings of the Islands' outreach to the knowledge society is the Balearic Technological Innovation Park (known locally as the Parc BIT). The natural setting of the park is a privileged backdrop for R&D&I, which account for much of the park's activity. The park also houses a technology business incubator, which serves professors, researchers and entrepreneurs with projects, offering them the opportunity to generate technology-based spin-offs.

Block I. General information on the Balearic Islands

General and economic information

The Balearic Islands, the most western archipelago in the Mediterranean, are made up of four main islands, Mallorca, Menorca, Eivissa and Formentera, as well as some one hundred other small islets.

The island region boasts a diverse geography, with unique landscapes of vast beauty where seaside cliffs come together with beaches and white-sand coves.



Source: Balearic Islands Institute of Statistics

LATITUDE:	40° 05' 46'' N
	38° 38' 32'' N
LONGITUDE:	40° 19' 46'' W
	1° 09' 37'' W

Table 1. Geographical information on the Balearic Islands					
	Surface (km²)	Surface (ha)	Length of coastline (km)	Population 2011	Density
Balearic Islands	4,984.6	498,456.4	1864.5*	1,113,114	221.89
Mallorca	3,622.5	362,251.9	783	873,414	239.04
Menorca	694.7	69,472.0	432.5	94,875	135.86
Eivissa	571.8	57,176.4	334	134,460	231.98
Formentera	82.5	8,249.8	115	10,365	120.75

Source: SITIBSA and Balearic Islands Institute of Statistics.

*Includes Cabrera, with 58 km, as well as other islands with 142 km of coastline.

Table 2. General distribution of land in the Balearic Islands, 2010	
Cultivation land	35%
Pastures	7,7%
Forest	31,8%
Other types of land	25,5%

Source: Regional Ministry of Agriculture, Environment and Territory.

The mild and regular climate of the Balearic Islands is distinctly Mediterranean. With characteristically moderate temperatures, the archipelago receives the bulk of its rainfall in the autumn, with very limited precipitation during the warm months of the year.

Table 3. Average monthly temperatures in 2011 (°C)			
	Mallorca (Portopí)	Menorca (Airport)	Eivissa (Airport)
Average	18.8	17.6	18.6
Maximum	22.4	21.4	22.5
Minimum	15.1	13.8	14.6

Source: National Institute of Meteorology.

Precipitations follow a simple annual pattern, with the heaviest rainfall in the autumn and the lightest in the summer. In the winter months, the rain tends to be steady and moderate.

Table 4. Average precipitations by month in 2011 (mm)			
	Mallorca (Portopí)	Menorca (Airport)	Eivissa (Airport)
January	66.1	78.5	74.3
February	46.7	85.6	21.3
March	36.9	46.5	35.4
April	24.2	23.3	45.2
May	43.4	11.4	8.1
June	25.9	16.1	8.2
July	14.3	19	4.8
August	n.d	4.4	n.d
September	13.9	76.9	3.6
October	27.6	17.0	38.6
November	190.8	199.6	211.2
December	9.6	14.6	5.7
TOTAL	499.4	592.9	456.4

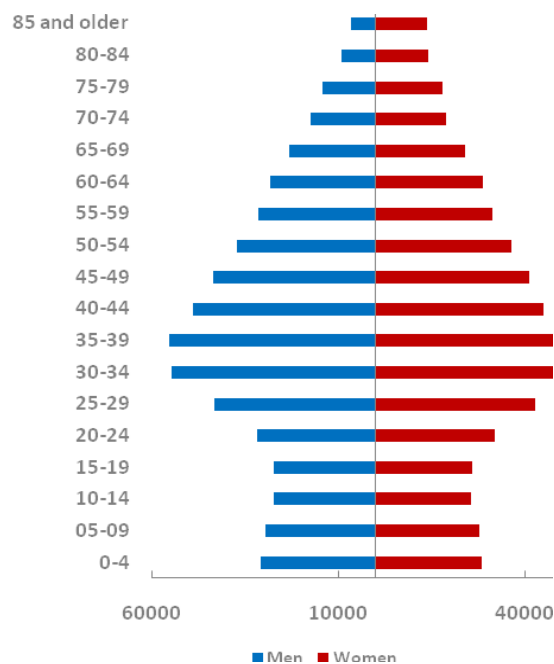
Source: National Institute of Meteorology.

n.a.: not available

I.1.1 Population

The Balearic Islands have undergone a significant increase in population in recent years, due to a heavy flow of immigration, from both peninsular Spain and abroad. A change can be seen in the structure of the population pyramid, as the population's aging process has been inverted, with a larger base and middle, reflecting a younger population.

Chart 1: Age pyramid in the Balearic Islands on 1 January 2011



Source: National Institute of Statistics.

Table 5. Populations of the different islands and most important municipalities	
Municipality	Review of municipal register on 1 January 2011
Balearic Islands	1,113,114
Mallorca	873,414
Palma	405,318
Calvià	52,451
Manacor	40,873
Llucmajor	36,959
Marratxí	34,385
Inca	29,966
Menorca	94,875
Maó	28,942
Ciutadella de Menorca	29,315
Eivissa	134,460
Eivissa	49,388
Santa Eulària des Riu	33,734
Sant Josep de sa Talaia	23,688
Sant Antoni de Portmany	22,299

Formentera	10,365
Formentera	10,365

Source: National Institute of Statistics.

I.1.2 Economic information

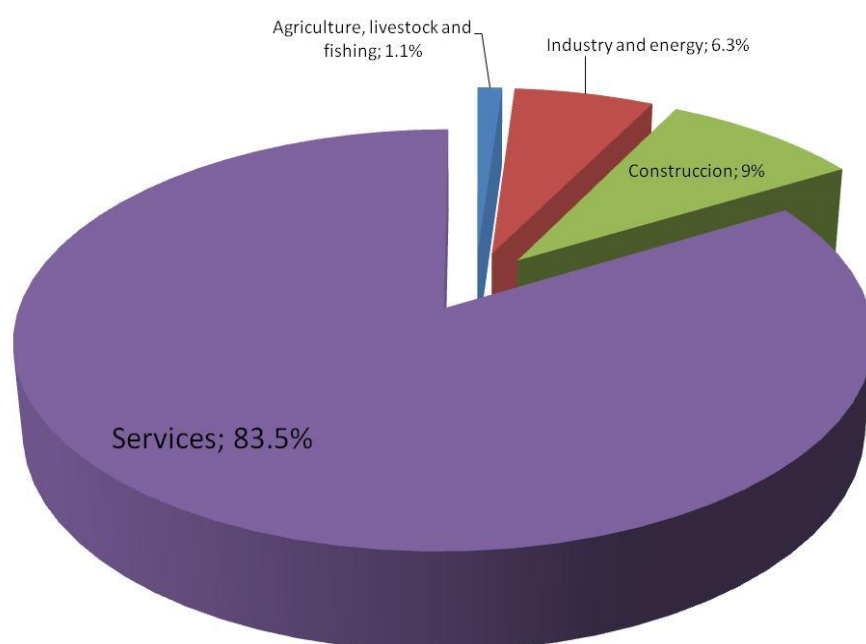
The Balearic Islands have developed a distinctive tourism sector of their own, as the second most important tourism destination in Spain. They are the faces of an established global brand of tourism. Their deep-rooted experience in tourism management has shaped a network of Balearic and Spanish multinational corporations in the sector. They offer a competitive product, a solid supply of resources and a diverse supply of complementary services that make quality and excellence their top priority and their main objective.

Tourism is the cornerstone of an economy that is steadfast in its commitment to the use of new technologies and innovation. The per capita GDP is above that of the average in Europe and among the highest autonomous communities in Spain.

Table 6. Gross Domestic Product and external sector in the Balearic Islands, 2010		
Nominal GDP (in thousands of euros)		26,629,483
Per capita GDP (in euros)		24,672
GDP, PPP (EU 27=100) (in 2009)		104
Variation rate of the actual GDP (in %)	Balearic Islands	-0.8
	Mallorca	-1.1
	Menorca	-1.3
	Pitiüses	1,0
Exports (in thousands of euros)		808,974.64
Imports (in thousands of euros)		1,558,557.61

Source: National Institute of Statistics, Spanish Treasury (AEAT), Regional Ministry of Economy, Business and Employment Promotion.

Chart 2. Distribution of the Gross Added Value by sector in the Balearic Islands, in 2010



VAB at common prices in 2010: 24,369,291 thousands of €

Source: National Institute of Statistics.

1.2 Institutional system and regulatory framework

1.2.1 Institutional system

Spain has been a member of the European Union since 1986. As regards its political makeup, Spain is a parliamentary monarchy. The country is regionally organized into seventeen autonomous communities, one of them being the Balearic Islands. The land of the Balearic Islands is organized into islands and municipalities. The islands themselves are governed by the island councils, and the islands' municipalities are governed by their corresponding town councils.

The Islands' autonomous institutional system is made up of the Parliament, the Government, the President of the Autonomous Community and the Island Councils of Mallorca, Menorca, Eivissa and Formentera.

The capital of the Balearic Islands is the city of Palma. This is the permanent headquarters of the Balearic Parliament, the President of the Balearic Ministry of Economy, Business and Employment Promotion

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Government and the Balearic Government itself. The municipality of Palma de Mallorca enjoys a special legal system governed by Act 23/2006 of 20 December on the capital status of Palma de Mallorca, which enables the balanced operation of the city in every area, while providing it with all the necessary services of a 21st century city.

1.2.2 Regulatory Framework

Since Spain and therefore the Balearic Islands, became a member of the European Union in 1986, and by virtue of the transfer of sovereignty, Community Law has enjoyed supremacy in the internal legal code of the member states for the issues object of such transfer. This legal code accommodates an original law (the Constitutional Treaties) and a derivative law, which in turn includes rules of direct application (Regulations) and other rules that require an act of transposition (Directives).

Being a member of the Euro Zone has enabled the free movement of people, goods, services and capital, the omission of transaction costs and the standardisation of agreements among member states, with the advantages of macroeconomic and monetary stability. In other words, being a member of the European Union means being subject to a set of rights, freedoms and responsibilities that were promoted and reinforced by the Lisbon Treaty, which was ratified by Spain by means of Organic Law 1/2008, of 30 July.

For its part, the Spanish Constitution of 1978 sets forth fundamental rights and public freedoms and assigns the state legislative competence to the Spanish Legislature, the executive power to the Central Government, and the judicial power to the Courts and Tribunals. The Constitution is also the supreme rule of the Spanish Legal System.

The Statute of Autonomy of the Balearic Islands (corresponding to Organic Law 1/2007, of 25 February), sets forth the basic institutional regulations of the autonomous community. Among other aspects, it covers the organization and the headquarters of the autonomous institutions themselves, and the powers granted to them within the framework of the Constitution.

1.3 Quality of life

The Balearic Islands enjoy a pleasant climate most of the year round and landscapes of vast environmental beauty. The archipelago is also a crossroads between East and West. Together, all of these features significantly contribute to making the Islands one of the regions with the highest quality of life in Europe.

Mallorca, the largest of the Balearic Islands, sits at the centre of the archipelago. Despite its limited surface area, the island boasts noteworthy climatic differences due to its relief and its location, leading to vastly diverse ecosystems and very different landscapes. This variety is manifest in three clearly distinguished areas. The first of these areas is the Serra de Tramuntana, an elevated mountain range that shapes the northern coast of the island. This area includes the highest peak in the entire archipelago, known as the Puig Major, which towers at a height of 1445 m, as well as countless caves carved out of the rock, creating magnificent shapes sculpted by the wind, sun and water. The next area is known as the Serres de Llevant, with small rounded hills that mark the landscape, creating white-sand coves and green pine forests. The third area is the *Pla*, or flatland, located between the two mountain ranges, with its own distinct morphological features, where the island's rural charm has remained virtually intact.

Menorca, the second largest island in extension, was declared a biosphere reserve by UNESCO in 1993, thanks to its sustainable development, which combines human activity with the conservation of natural resources. Menorca's flat terrain, with its subtle rolling hills, is sheltered by the small mountain range of the northern coast, with a maximum height of 347 metres at Sa Muntanya del Toro. The island is divided into two symmetrical though very different halves: the north, with a rugged and jagged coastline, with countless islets and reddish- and dark-sand beaches; and the south, which is flat, with subtle cliffs, water-carved gullies and white-sand coves nestled amid pine trees.

Eivissa, the larger of the two islands that form the Illes Pitiüses, consisting of Eivissa and Formentera, has been a crossroads for seafaring merchants for centuries, where cultural diversity has generated wealth. Tradition and modernity merge in places that earned UNESCO's World Heritage declaration in 1999.

The island's relief is characterised by its moderate shapes, which lend great uniformity to the landscape. Here, the highest point is at Sa Talaia (475 m). The sandy soil of the coastal area, typified by its crystalline waters, is the ideal environment for the *posidonia oceanica* beds. The area is a Special Protection Area for Birds (known officially by the Spanish acronym ZEPA); it forms part of

the EEC's Natura 2000 Network; and it is listed on the Ramsar List of Wetlands of International Importance.

Formentera is the smallest inhabited island in the Balearics. Its narrow shape gives it a long stretch of coast (82 km), in proportion to its surface area. This island has a peculiar and captivating geography, a mild climate and Mediterranean vegetation that combines dune areas with pine forests, savin groves and some conifers, making for a unique personality. Formentera stands out for its vast beauty and its landscape, which is still wild and in excellent condition. Its waters, exceptional for their transparency and their unrivalled turquoise colour, evoke those of tropical latitudes.

Cabrera is the best example of an unaltered island ecosystem in the Spanish Mediterranean. Consisting of a group of eighteen islands and islets located to the south of Mallorca and covering an area of 10,021 ha, Cabrera was officially declared a Marine and Land National Park in 1991. The area accommodates diverse natural wealth and one of the best-conserved sea floors on our coast, covering much of the natural park, and featuring more than 200 fish species and countless endemic invertebrates. Cabrera is an important stopover on the migratory paths of over 150 bird species, during both their spring and autumn routes.

Abounding in the Balearic Islands are natural parks of vast ecological, aesthetic, educational and scientific value. Thus, **Mallorca** has S'Albufera in the north of the island, the natural parks of Cala Mondragó, the Península de Llevant in the municipal area of Artá, and the natural park of Sa Dragonera. **Menorca** stands out for its nature reserve S'Albufera des Grau; and **Eivissa** includes Es Vedra, Es Vedranell and the islets Illots de Ponent, as well as the natural park of Ses Salines. Mention must also be made of the archipelago's marine reserves: in **Mallorca**, the Badia de Palma, El Migjorn, Illa del Toro, Les Illes Malgrats, Cala Rajada and Llevant; the Nord de **Menorca** reserve in Menorca's territory; and Es Freus, between **Eivissa and Formentera**.

Wellbeing and quality of life are manifest not only in the enjoyment of the natural beauty of the environment and the privileged climate, but also in the infrastructures of the social, healthcare and educational services, which are equipped to attend to every need.

I.3.1 Healthcare

Staffed with highly qualified professionals and equipped with modern infrastructures in constant expansion, the Balearic healthcare system ensures that even the most remote corners of the archipelago are less than 30 kilometres or 15 minutes away from a hospital or clinic.

Table 7. Physical resources of the healthcare system, by island, 2011				
Hospitals	Balearic Islands	Mallorca	Menorca	Eivissa and Formentera
Public Hospitals	12	8	1	3
Private Hospitals	10	7	2	1
Health Centres	57	45	5	7
Pharmacies	415	332	38	45

Source: Ministry of Health, Social Services and Equality and IB-SALUT.

Table 8. Number of beds at healthcare centres in the Balearic Islands, 2010				
Number of beds installed	Balearic Islands	Mallorca	Menorca	Eivissa
Other acute care hospitals	1,982	1,622	149	211
Social and health care (GESMA)	154	154	-	-
Total	2,136	1,776	149	211

Source: IB-SALUT.

Table 9. IB-Salud specialised human resources, by island, 2010					
Human Resources	Balearic Islands	Mallorca	Menorca	Eivissa and Formentera	061
Doctors	2,862	2,233	227	327	75
Nurses	4,400	3,461	344	524	71
Nursing assistants	2,782	2,303	194	285	-
Non-healthcare staff	3,396	2,652	287	437	20
Healthcare technicians	632	486	71	75	-
Non-healthcare technicians	127	118	3	5	1
High management	90	78	5	8	3
Total	14,289	11,327	1,131	1,661	170

Source: IB-SALUT.

I.3.2 Education

With a solid educational base, the Balearic Islands have developed the necessary resources to offer a good quality of life for every member of the Balearic society. A lifestyle founded on important values such as the atmosphere, the environment, history, tradition, the language, etc.

The Islands' society is gradually changing, and education is the keystone for the preservation of the local environment, customs, language, and the Islands' own special nature, while at the same time making it possible to sensibly incorporate the input of those who come from the outside. Thus, during the 2010-2011 academic years, 15.6% of the students in the Islands' non-university education system were from abroad, whilst the average for Spain is 9.5%.

Table 10. Education system in the Balearic Islands, academic year 2010-2011			
Balearic Islands	General Education Scheme	Special Education Scheme	Total
Centres	548	20	568
Students	172,889	12,793	185,682
Teachers	16,142	564	16,706
Student/teacher ratio	10.7	22.7	11.1

Source: Ministry of Education, Culture and Sport.

I.3.3 Higher Studies

The Balearic Islands University (UIB) is a public institution entirely committed to providing quality instruction and research, with an unwavering spirit of cultural action and service to society. The UIB offers a wide range of high-quality degree programmes in the social sciences, humanities, experimental sciences, technical education, health sciences, economic sciences and legal sciences. Moreover, the UIB offers distance education through videoconference courses on the islands of Menorca and Eivissa. Thus, the UIB is responding to the demands of the Balearic society and better preparing its students for the specific job market of the Islands.

The courses offered by the UIB are complemented by those of distance universities, the National University of Distance Education (UNED) and the Open University of Catalonia (UOC), with centres in Manacor, Ciutadella and Eivissa.

For further information on the university degrees offered, including official degrees and certificates at public and private centres and the UIB-specific degrees offered at university centres, please visit the university information point, “Punto de Información Universitaria” (PIU) of the Directorate-General for Universities, Investigation and Transfer of the Knowledge of the Balearic Ministry of Education, Culture and Universities.

For complementary studies, the Islands are also home to the Superior Conservatory of Music of the Balearic Islands; the Official School of Languages (known by its acronym in Catalan, EOI), which offers courses in German, English, Arabic, Catalan, Spanish for foreigners, French, Italian and Russian; and the Balearic Islands School of Dramatic Art (ESADIB), which offers the training necessary to attain an advanced university-equivalent degree in Dramatic Art, with a specialisation in Textual Performance.

Table 11. University degrees offered in the Balearic Islands 2010-2011 (Degrees)	
Degree	Center
Business Administration	UIB (Mallorca, Menorca, Eivissa), UNED, UOC
Anthropology	UNED
Biology	UIB
Biochemistry	UIB
Environmental science	UNED
Juridical sciences of the public administrations	UNED
Political Science and Public Administration	UNED
Audiovisual Communication	UIB, UOC
Criminology	UOC
Law	UIB (Mallorca, Menorca, Eivissa), UNED, UOC
Economics	UIB, UNED
Teacher Training: Early Childhood Education	UIB (Mallorca, Menorca, Eivissa)
Teacher Training: Primary Education	UIB
Teacher Training: Special Education	UIB, UNED, UOC
Agricultural Engineering and rural	UIB
Building Engineering	UIB
Electrical Engineering	UNED
Industrial Electronics and automation engineering	UIB, UNED
Informatic engineering	UIB, UNED, UOC
Mechanical Engineering	UNED

Industrial Technology Engineering	UNED
Technology Information Engineering	UNED
Telematic engineering	UIB
English Studies	UIB, UNED
Philosophy	UIB, UNED
Physics	UIB, UNED
Phisiotheraphy	UIB
Geography	UIB, UNED
History	UIB, UNED
Art History	UIB, UNED
Humanities	UOC
Nursing	UIB (Mallorca, Menorca, Eivissa)
Information and documentation	UOC
Catalan Philology	UIB, UOC
Hispanic Philology	UIB, UNED
Marketing and Market Research	UOC
Mathematics	UIB, UNED
Multimedia	UOC
Pedagogy	UIB, UNED
Journalism	UIB
Phsicology	UIB, UOC, UNED
Chemistry	UIB, UNED
Labor Relations	UIB, UOC
Sociology	UNED
Communication Technologies	UOC
Social Work	UIB, UNED
Tourism	UIB (Mallorca, Eivissa), UNED, UOC

Source: Universitat de les Illes Balears, Universitat Nacional d'Educació a Distància and Universitat Oberta de Catalunya

Table 12. Students enrolled at the Balearic Islands University, during academic year 2011-2012

Field of study	Students enrolled	
	Degrees	Cycles
Business Administration and Management, Economics, Business and Tourism	1,751	1,342
Technical Architecture	-	114
Biology and Biochemistry	418	248
Audiovisual Communications and Journalism	180	73
Law and Labour Relations	811	592
Social Education	277	92
Technical Engineering for Industry, Management, Systems, Telecommunications Management, Information Sciences, Agriculture and Fruit and Vegetable Growing	837	453
English, Catalan and Hispanic Philology	436	193
Philosophy, Geography, History and Art History	616	277
Physics, Chemistry and Mathematics	288	116
Physical Therapy	178	56
Nursing	464	65
Teaching (Special, Physical, Early Childhood, Music, Primary and Foreign Language Education)	1,688	389
Pedagogy, Psychology and Psychopedagogy	457	603
Social Work	312	187
Diploma in Security and Police Sciences	-	17
Other studies	-	11
Postgraduate Course	1,800	
Total students	15,341	

Source: Balearic Islands University.

Table 13. Number of new students at the UIB. Course 2011-2012.		
Branches of Study	Studies	
	Degrees	Cycles
Social and legal sciences	2,195	97
Talent and Architectur	484	25
Arts and Humanities	752	4
Health sciences	350	1
Experimental Sciences	264	26
Total	4,045	153

Source: Balearic Islands University.

The Balearic Islands University is a modern higher education institution that is open to the world. In recent years, this university has become part of solid international university networks and has attracted countless students from abroad. The UIB has signed more than 300 cooperative agreements with universities and institutions of higher education around the world, enabling it to offer our students a wide range of opportunities for exchange, to carry out part of their coursework at other universities. These include agreements with the National Universities of Argentina, Brazil, Chile, Panama, Venezuela, Mexico, India, Morocco, Germany, Italy, France, Poland, the Ukraine, Romania, the United States, Canada, Russia and China, as well as the universities of Spain's other autonomous communities.

Table 14. Foreign student enrolled at the UIB. Course 2010-2011			
Studies	Origin		
	UE-27	Others	Gesamt
1st i 2nd cycle	147	226	373
Degrees	136	250	386
Official Masters	37	103	140

Source: Ministry of Education, Culture and Sport

I.3.4 Professional training and lifelong learning

The **Professional Training** sector has become increasingly more specialised, offering new fields of study to keep up with the changing needs of the job market. As a part of the educational system, the aim of this mode of schooling is to prepare students for activity in the professional field and facilitate their adaptation to the work-related changes that may emerge throughout their lives, while contributing to their personal development, their ongoing education and their active participation as members of a democratic society. Part of this training is offered at education centres, and the applied practical training is offered at cooperating companies themselves.

The **Lifelong Learning** model for employment aims to promote the ongoing education of workers throughout their lifetime, enhancing both their professional training and their personal development. This model provides information and practical training tailored to the professional skills required by the job market and the needs of businesses. As a result, it contributes to improving the productivity and competitive edge of many companies.

Table 15. Professional Training Education Cycles offered in the Balearic Islands	
Degree or Certificate	Degree Level
Agricultural	4- and 5-year degrees, 3-year degrees
Administration and Management	4- and 5-year degrees, 3-year degrees
Physical and Sports Activities	4- and 5-year degrees, 3-year degrees
Maritime and Fishing	4- and 5-year degrees, 3-year degrees
Graphic Arts	3-year degrees
Image and Sound	4- and 5-year degrees, 3-year degrees
Business and Marketing	4- and 5-year degrees, 3-year degrees
Electricity and Electronics	4- and 5-year degrees, 3-year degrees
Building and Public Works	4- and 5-year degrees
Mechanical Manufacture	3-year degrees
Hotel, Catering and Tourism	4- and 5-year degrees, 3-year degrees
Personal Image	4- and 5-year degrees, 3-year degrees

Food Industries	3-year degrees
Information Sciences and Communications	4- and 5-year degrees, 3-year degrees
Wood, Furniture and Cork	3-year degrees
Installation and Maintenance	4- and 5-year degrees, 3-year degrees
Transport and Vehicle Maintenance	4- and 5-year degrees, 3-year degrees
Public Health	4- and 5-year degrees, 3-year degrees
Sociocultural and Community Services	4- and 5-year degrees, 3-year degrees

Source: Directorate-General of Management, Innovation and Professional Training of the Balearic Islands Government.

Block II. The Balearic Islands economy

II.1. Dynamism

II.1.1 Business activity

At the start of 2011, the Balearic Islands were home to 87,461 companies (excluding public and agricultural companies), 76% of which formed part of the services sector. The Balearic archipelago has the densest business fabric in Spain, with 78.6 companies per 1,000 inhabitants, a solid indicator of the region's dynamic economic spirit.

Table 16. Companies per 1,000 inhabitants as of 1 January 2011	
Catalonia	79.9
Balearic Islands	78.6
Madrid	77.4
Spain as a whole	68.9
Community of Valencia	68.3
Canary Islands	64.3

Source: National Institute of Statistics - Central Company Directory 2011.
Advance register 01/01/11

Table 17. Companies by sector, according to the most prevalent activities on 1 January 2011

Prevalent activities	% companies in the sector
Industry	
Metal products (except machinery)	15.1%
Repair and installation of machinery and equipment	14.8%
Wood and cork (except furniture)	11.0%
Food and beverage	8.8%
Furniture	8.2%
Services	
Retail trade	17.5%
Food and beverage service activities	12.4%
Wholesale trade	6.5%
Real estate activities	6.2%

Source: National Institute of Statistics - Central Company Directory 2011.

*When added together, these percentages do not total 100%, as not all the activities of the sector have been included.

The business fabric is diffused, as 95.7% of the companies are microenterprises with less than 10 workers. Most of those businesses fall within the services sector, with a particular prevalence of activities such as retail trade, hotel and catering and real estate services, due to the heavy influence of tourism in the region. Mention must also be made of other business activities, such as consultancy services and others.

Table 18. Enterprises by size, on 1 January 2011

	Microenterprises	Small enterprises	Medium and large enterprises	Total
Industry	4,285	424	30	4,739
Construction	15,376	645	50	16,071
Services	64,052	2,177	422	66,651
Total	83,713	3,246	502	87,461

Source: National Institute of Statistics - Central Company Directory 2011.

Chart 3. Companies by sector

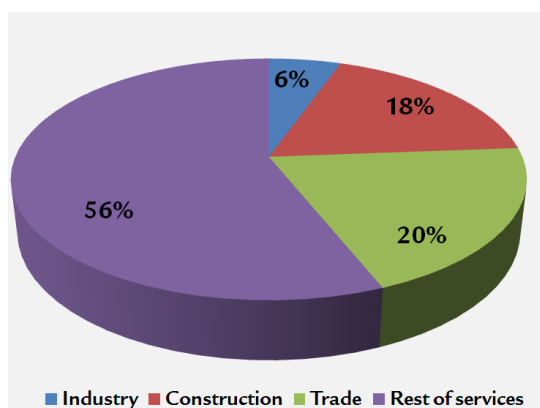
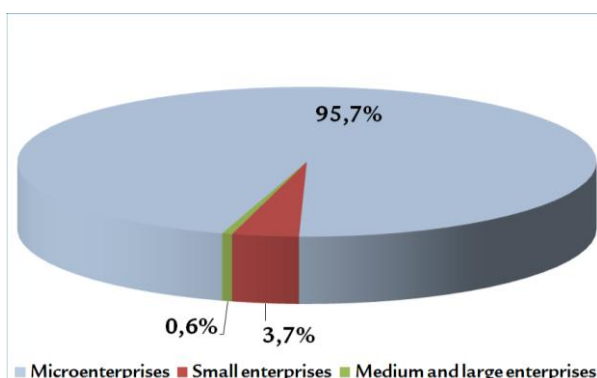


Chart 4. Companies by size



Source: National Institute of Statistics - Central Company Directory 2011.

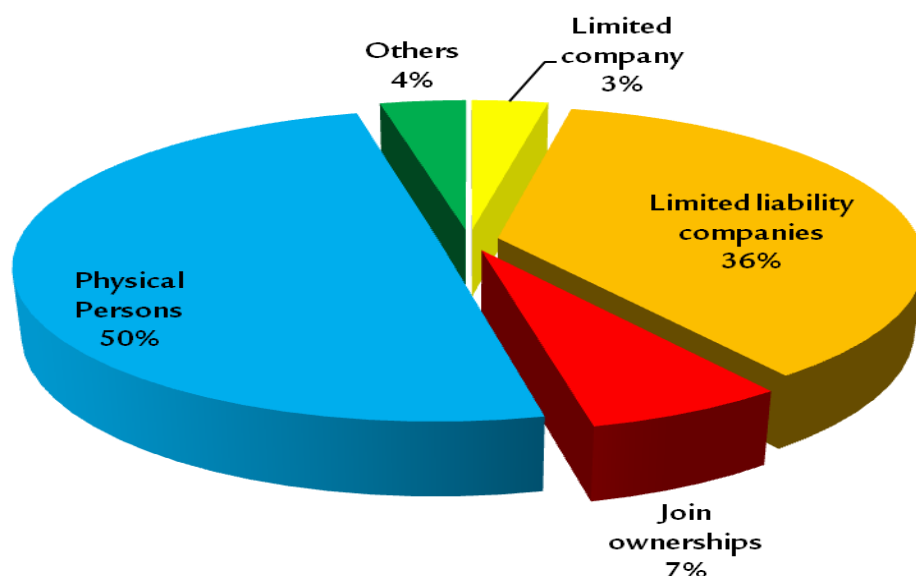
The bulk of the Balearic Islands' companies are individual entrepreneurs, followed by private limited companies (36%), while other business models account for the small remaining percentage. However, the presence of large international hotel chains, including Sol Meliá, Riu, Barceló and Iberostar, among others, is particularly worthy of mention.

II.1.2 The businesses of the Balearic Islands

Companies such as Sol Meliá, Iberostar, Barceló and Riu are clear examples of the Balearic work model in the tourism sector: multinational corporations that have been successful in exporting a distinct system of management internationally. With more than 600 hotels around the world, they have left the mark of their enterprising spirit in America, Asia, Europe and Africa.

Though the absolute volume of the Balearic economy is small, the Islands are home to distinguished multinational companies of different sectors, and particularly businesses associated with tourism (hotels, travel agencies, aeronautical companies, etc.). This is a consequence of the great skill of the archipelago's production structure to adapt to the new market trends, which have also inspired the settlement of offices of the sector's most important companies in the Balearic Islands.

Chart 5. Businesses according to their legal status



Source: National Institute of Statistics - Central Company Directory 2011.

The **index of specialization**, (which indicates which activities are more companies in the Islands, compared with the national average), shows a company specializing in industry composition of wood and cork on the one hand, and another, with activities directly related to being a tourist destination, such as transport (maritime, air transport and related activities, especially the manufacture of other transport equipment, including building and repairing naval, air, rail ...), hosting services, hotels, recreational activities, and indirectly, the recruitment, treatment and water distribution, construction or real estate.

Table 19. Index of specialization of businesses in the Balearic Islands as of 1 January 2011

Economic activity	Index of specialization
Sea transport, cabotage and shipping	4.6
Hosting services	2.7
Repair and installation of machinery and equipment	2.4
Activities for rent	2.2
Collection, purification and distribution of water	2.0
Air Transport and Space	1.9
Travel agencies and related activities	1.6
Services to buildings and landscape activities	1.5
Industry wood and cork, except furniture	1.4
Manufacture of other transport equipment	1.4

Construction	1.4
Activities of head offices; management consultancy activities	1.4
Recreational, cultural and sports	1.3

Source: National Institute of Statistics

II.1.3. Infrastructures

a) Air transport

Air transport is the Balearic Islands' primary means of communication, with three airports on different islands of the archipelago: the Son Sant Joan Airport (located 8 km from Palma de Mallorca), the Menorca Airport (4.5 km from Maó) and the Airport of Eivissa (7.5 km from the city of Eivissa).

The Balearic Islands have privileged air communications and boast one of the largest numbers of destinations in both mainland Spain (with especially frequent flights to Madrid and Barcelona) and Europe. In fact, the Balearic Islands are connected with the main European cities, which are approximately two hours away by plane, and enjoy a high flight frequency.

Chart 6. The Balearic Islands in the world



Table 20. Main passenger airports in Europe 2010

Position	Airport	Country
		United Kingdom
1	London, Heathrow	
2	Frankfurt, Main	Germany
3	Madrid, Barajas	Spain
4	Munich	Germany
		United Kingdom
5	Londres, Gatwick	
6	Barcelona	Spain
7	Zurich	Suitzerland
8	Copenhaguen Kastrup	Denmark
9	Palma de Mallorca	Spain
10	Düsseldorf	Germany
36	Eivissa	Spain
56	Menorca	Spain

Source:
Eurostat.

In 2010, the Palma airport was the third in passenger numbers in Spain (Ibiza occupied the position 8 and Menorca, 16). Palma airport has received over 21 million passengers, Ibiza and Mahon 5 million over two and a half.

Chart 7. Passengers in the Balearic airports, 2010



Source: Aena.

In 2010, nearly 77 airline companies were operating regular flights in the airport of Palma de Mallorca, 39 in the Maó Airport and approximately 10 in Eivissa. In addition, many companies were offering and continue to offer charter flights.

In addition to Palma's Son Sant Joan Airport, Mallorca also has Son Bonet Airport, which is located 4 km from the city. Here, passenger traffic is private, and there are no commercial flights, as the infrastructure is used for general and sports aviation and flight schools.

The residents in the Islands enjoy a 50% discount on the price of their airline tickets for all flights between the Islands and the rest of Spain, providing they are Spanish citizens, members of the European Union, members of the European Economic Area or from Switzerland. The Parliament is also currently studying a proposition to extend this discount to all non-European legal residents of the Islands.

In terms of kilos of freight, the Palma airport ranked number sixth in Spain in 2010, much despite the insignificant weight of the Islands' air-transported goods in relation to those transported by ship.

Table 21. Freight that arrived in 2010 (in tonnes)			
	Palma	Maó	Eivissa
Plane	17,290	2,400	3,196
Ship	5,253,463	740,874	1,456,983

Source: Aena and the Balearic Islands Port Authority.

b) Maritime transport

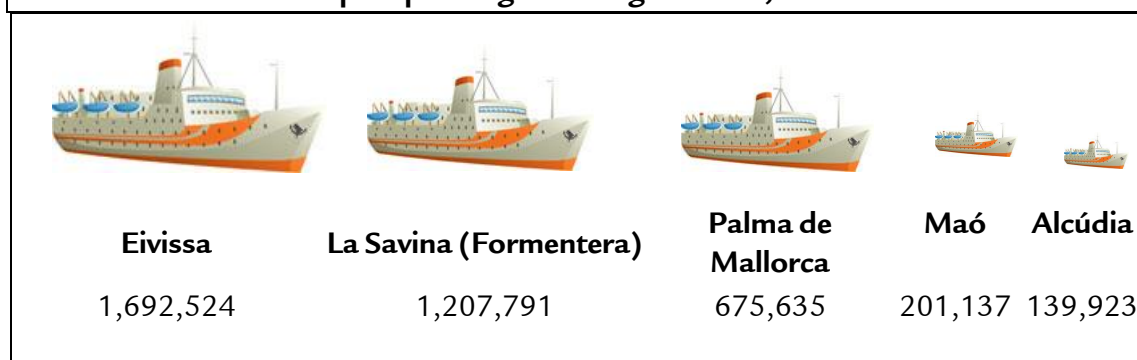
Due to insularity, maritime transport is extremely important in the Balearic Islands, particularly for the shipping of goods, which in turn is indispensable for business activity. Conversely, the volume of maritime passenger traffic is far below that of air transport (except on Formentera, where there is no airport). In each port, there are a number of different companies that connect the islands with each other and with mainland Spain (Catalonia and the Community of Valencia), very frequently.

The main ports of the Balearic Islands are those of Palma de Mallorca, Maó, Eivissa and La Savina (Formentera), which are used for both passengers and freight. In addition to these, there are countless ports with sports and fishing facilities on the different islands.

The ports of the Balearic Islands are an important destination for tourist cruise ships and are equipped with all the necessary facilities and services to accommodate this activity.

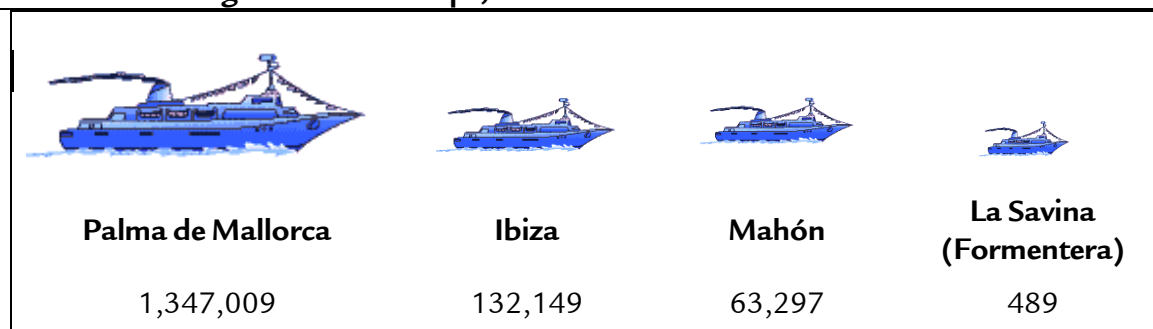
As in the case of air transport, Balearic residents also enjoy a general 50% discount on the tickets for maritime transport.

Chart 8. Maritime transport passengers on regular lines, 2010



Source: Balearic Islands Port Authority.

Chart 9. Passengers on cruise ships, 2010



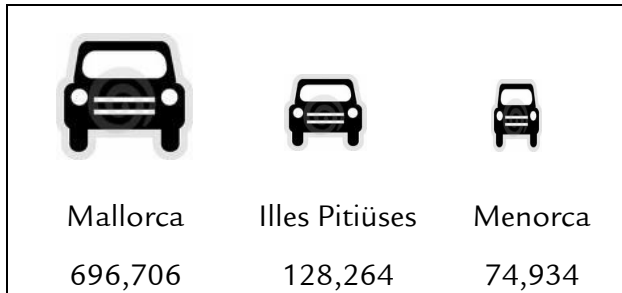
Source: Balearic Islands Port Authority.

c) Land transport

Roads

The Balearic Islands' road network is made up of modern roads and highways that connect the municipalities of each island with one another. Roads are the main transport infrastructure on each island, not only for people (where the private automobile is the predominant means of transport, as can be seen in the fact that the Balearic Islands have the highest number of automobiles per inhabitant in Spain, albeit many of those vehicles are used for tourism), but also for goods that are transported by truck.

Chart 10. Vehicle Park, 2010



Source: Balearic Islands Institute of Statistics.

In addition to private transport, the Islands also have an entire public transport infrastructure, as described below:

- Urban buses in Palma and its surrounding areas
- Palma Metro: An underground train that connects the city centre with the university and the Son Castelló Industrial Complex
- Buses outside the main cities of Mallorca, Menorca and the Pitiüses

Railway

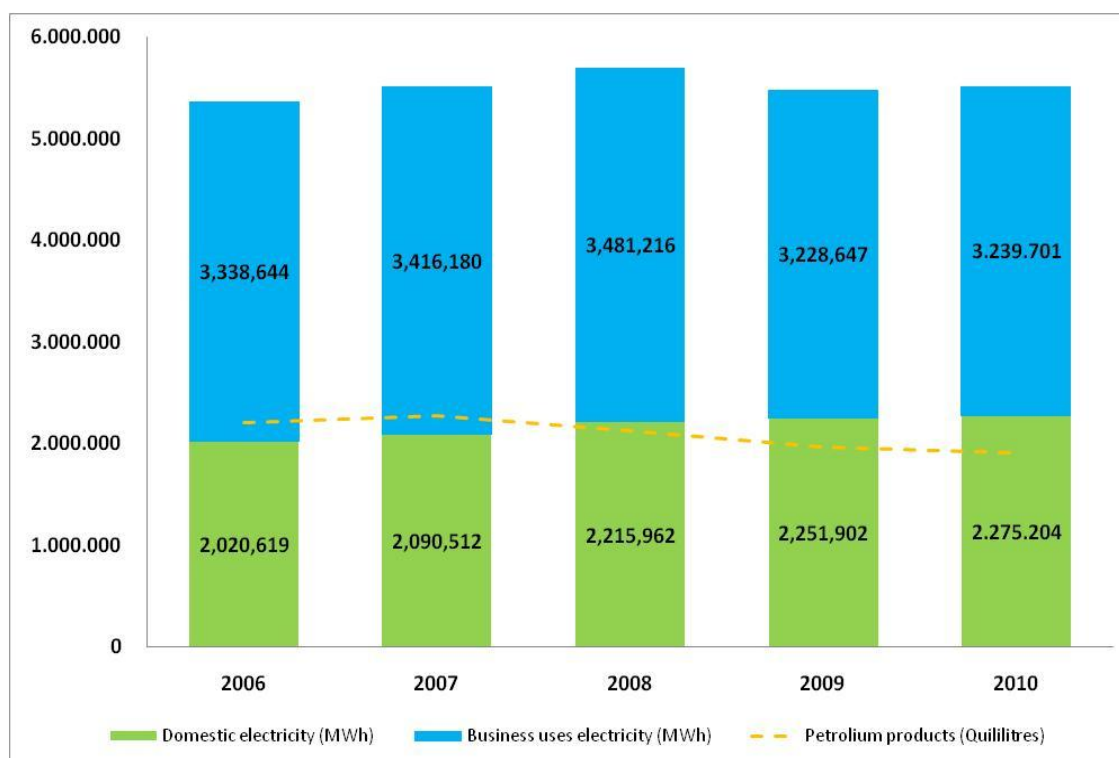
The train covers a number of different municipalities on the island of Mallorca. There are four railway lines: Palma – Inca - Manacor, Palma – Inca - Sa Pobla, Palma – Sóller and the underground line, Palma-UIB. In addition, it is expected that by the end of 2012 all railway lines are electrified de Mallorca.

This means of transport is in the midst of expansion on the island, as there are plans to extend the infrastructure to cover the Manacor–Artá-Cala Ratjada section, the Sa Pobla-Alcúdia section and the Palma-Airport-Platja de Palma section, the latter with a tram, outstanding run.

d) Energy infrastructures

The demands for energy are constantly increasing, suggesting the need for the ongoing improvement of the energy infrastructures.

Chart 11. Electrical energy in the Balearic Islands



Source: GESA-ENDESA and CLH.

Electricity

Until recently, there were two totally independent systems in operation: that of Mallorca - Menorca and that of Eivissa - Formentera (via an underwater cable between each pair of islands). However, work is now underway to connect the Islands with both mainland Spain's power network and to interconnect the two inter-island systems and is expected to enter service operative in 2011.

Natural gas

The distribution of piped gas is located in the bay, Badia de Palma, yet is undergoing an expansion process to reach other municipalities on the island of Mallorca. The construction of the Denia - Eivissa- Mallorca gas pipeline, which is anticipated to become operative in 2009, will allow natural gas to reach more homes on the island.

Petroleum-based products

The most widely used energy resource, these products come to the Islands by ship. They are then transported by pipeline to the storage station (except in the case of Menorca, where there is none) and finally distributed by truck.

Renewable energies

Although they represent a small portion of the energy generated in the Balearic Islands, these energy sources are currently in expansion, with an envisaged increase in their production.

The **price of energy** in the archipelago is highly competitive in comparison with that of surrounding countries. Moreover, in recent years, the energy market has been liberalised, enabling companies to negotiate prices with energy distributors.

Chart 12. Average price of electricity in industry (price per KWh)

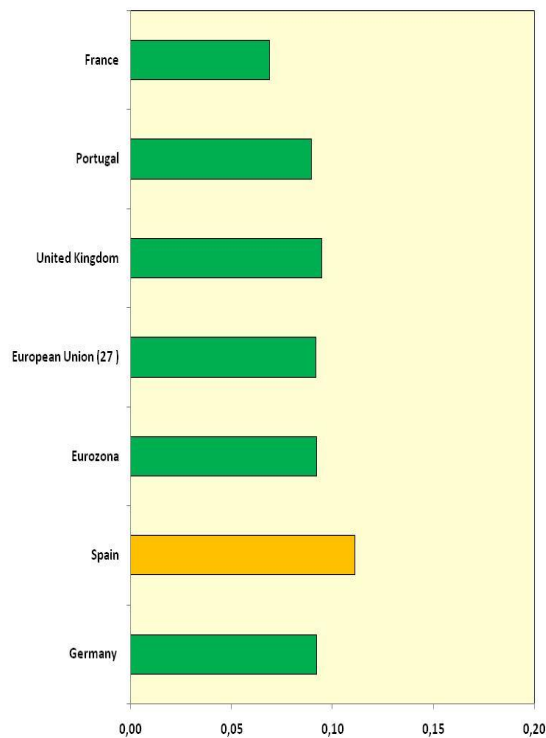
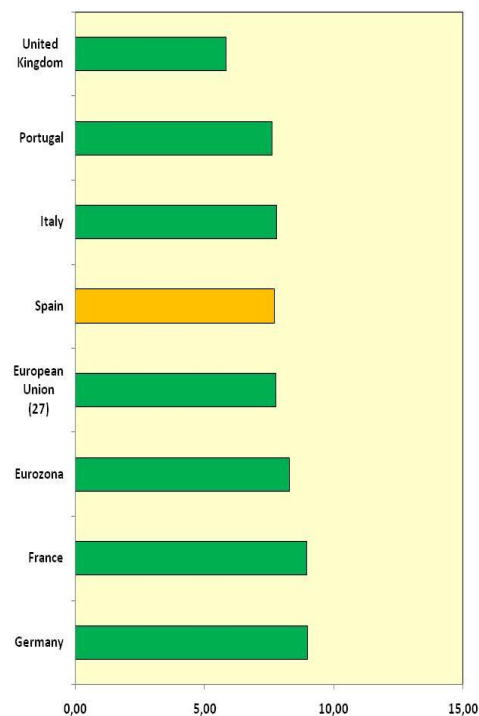


Chart 13. Average price of natural gas for industry (price per GJ)



Source: Eurostat. Average prices in the first half of 2010, including taxes.

e) Industrial infrastructures

The industrial land in the Balearic Islands is distributed among the industrial complexes on the different islands. Whilst the largest of these complexes are located in the surrounding areas of Palma de Mallorca, most of the municipal areas are equipped with their own industrial land zones.

f) Technological infrastructures

Telecommunications

The Balearic Islands have high quality telecommunications infrastructures for both telephone and Internet. Access to these services is provided through numerous companies that operate throughout the region, offering all the services necessary for the smooth operation of business.

Table 22. Business and household use of communication technologies in the Balearic Islands, 2011			
Businesses		Households	
With computer	98.4%	With computer	74.1%
With local network	90.9%	With internet connection	69.0%
With internet	96.4%	With broadband internet	66.5%
With electronic mail	95.9%	With fixed telephone	84.2%
With website	66.6%	With mobile telephone	96.0%

Source: National Institute of Statistics, a survey on the equipment and use of information and communication technologies in households, and a company survey on the use of ICT and electronic commerce.

The level of penetration of the telecommunications is particularly high in the Balearic Islands, as these media are used by both businesses and private domestic customers. Virtually all the companies and half of the households in the Islands have internet access.

Technology parks

The **Parc BIT**, located in Palma de Mallorca, is the benchmark technology park for innovative enterprises in the Balearic Islands, with an environment geared to promote high-value-added activities. The park also has an incubator for technology-based enterprises, as well as a biotech incubator (for companies with innovative projects in the biotechnology field). Similarly, Eivissa and Menorca also have technology enterprise incubators, which are supported by the Parc BIT.



The technology antenna network is a system of information points and support for the latest innovative and competitive initiatives launched by companies. The network also serves to guide companies in finding potential partners and to research the prospects for financial support. One of the antenna network's most important features is the portal www.balearsinnova.net, a basic tool for the administration of innovation-based knowledge in the Balearic Islands.

The Balearic Islands' technology antennas are located at the following sites:

Parc Bit

www.parcbit.es

IFOC, Occupational Training Institute of Calvià

www.ifoc.es

Technology antenna network

www.balearsinnova.net

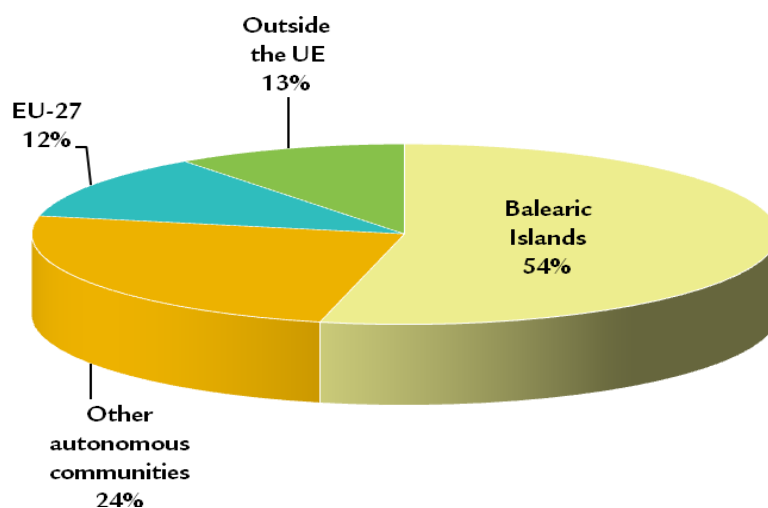
II.1.4. Human resources

Population

During the second half of the 20th century, the Balearic Islands became one of the most attractive regions for immigration, thanks to the tourism boom and the intense employment demand in the tertiary sector. There was a predominance of migratory movement from the rural areas of Spain to the tourism areas with the greatest economic opportunity.

Today, demographic expansion continues to be constant in the Islands. For proof of this, we need only consider that in the 1996-2010 period, as an autonomous community, the Balearic Islands had the highest increase in population in Spain (45.5%), more than double the Spanish average (18.5%). In the early stage of this period, the increases in the populations of foreigners residing in the Islands exceeded those of the Spanish national residents, and many of the foreign residents were members of the European Community (most of which at retirement or pre-retirement age) who decided to come to live in the Balearics. Through the years, they came to form part of the Balearic society. In the most recent years, the primary motive for immigration was to find a job, making for an increase in immigration from outside of the European Union, and thus reinforcing the Balearic Islands' greatest attraction.

Chart 14. Population of the Balearic Islands, by place of birth, on 1 January 2011



Source: National Institute of Statistics.

Human capital

The Balearic Islands' commitment to the training and education of its human capital has led the region to become Spain the best-equipped autonomous communities. A region that makes the most of its human capital, not only in terms of the magnitude of its workforce, but also in terms of the quality of the level of training and productivity of the individuals involved in the production process. This can be seen in **the Islands' human capital activity rate**, which evaluates the effectively available capital (the average years of education of the economically active population) in relation to the potentially available capital (the average years of education of the working-age population).

Table 23. Human capital activity rate (2nd quarter of 2010)	
Balearic Islands	67.8
Madrid	65.2
Catalonia	62.9
Murcia	61.9
Canary Islands	61.8
Navarre	60.7
Valencia	60.6
Spain	60.1
La Rioja	59.3
Andalusia	58.8
Aragon	58.1
Basque Country	57.9
Castilla-La Mancha	57.8
Cantabria	56.6
Ceuta	55.6
Castilla y León	55.3
Extremadura	55.3
Galicia	54.4
Asturias	51.5
Melilla	51.0

Source: Economic Research Institute of Valencia (IVIE).

Similarly, according to the **Employment Quality Index (EQI)**, the Balearic Islands are Spain's second-one ranking autonomous community in employment quality. This suggests a constant improvement as regards the following variables: job quality, skills and training, gender equality, health in the workplace, flexibility and security, access to a job, balance with daily life, social dialogue, diversity and non-discrimination and labour productivity.

Table 24. Regional Employment Quality Index (EQI)			
	EQI 2001	EQI 2009	Average annual growth(2001-2009)
La Rioja	102.5	129.8	3.0%
Balearic Islands	114.6	129.4	1.5%
Murcia	103.2	125.6	2.5%
Aragón	103.2	125.5	2.5%
Catalonia	110.7	124.4	1.5%
Madrid	109.0	124.1	1.6%
Cantabria	94.0	123.1	3.4%
Basque Country	103.2	123.0	2.2%
Asturias	91.3	122.9	3.8%
Navarre	108.2	121.4	1.5%
Spain	100.0	119.4	2.2%
Valencia	100.9	118.8	2.1%
Extremadura	89.0	117.4	3.5%
Castile La Mancha	89.9	116.5	3.3%
Castile and León	86.8	116.3	3.7%
Canary Islands	101.4	115.6	1.6%
Galicia	93.3	111.3	2.2%
Andalusia	85.6	109.2	3.1%

Source: Manpower Professional Study on Labour Quality (October 2011).

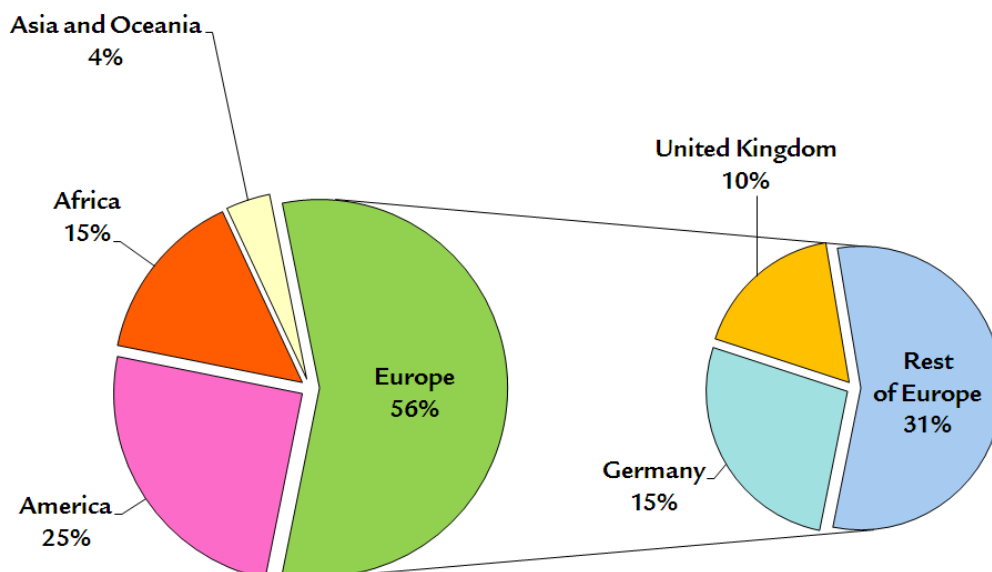
II.1.5. Multiculturalism

Throughout their history, the Balearic Islands have served as a dynamic crossroads for countless peoples and civilisations, with a cultural and social heritage that is unique among the cultures of the Mediterranean and the world. The result is an international, heterogeneous spirit that fosters cultural enrichment and the peaceful coexistence of many different lifestyles.

For the Balearic society, cultural diversity is an established fact, a positive contribution to be continually strengthened in the future and a factor that promotes equal acceptance among all the cultural groups that live in the Islands. In fact, the public and private bodies, along with the general society, have historically made significant efforts to learn many different languages and to adjust the public and private services to the Islands' cultural diversity. For proof of this, we need only recall that the Balearic Islands are among Spain's leading autonomous communities in terms of the knowledge and oral command of foreign languages (75.4% of the population, according to *FUNCAS*).

This cultural diversity and the ability to integrate largely contribute to making the Balearic Islands a meeting place for international business.

Chart 15. Foreign population in the Balearic Islands, according to nationality as of 1 January 2011



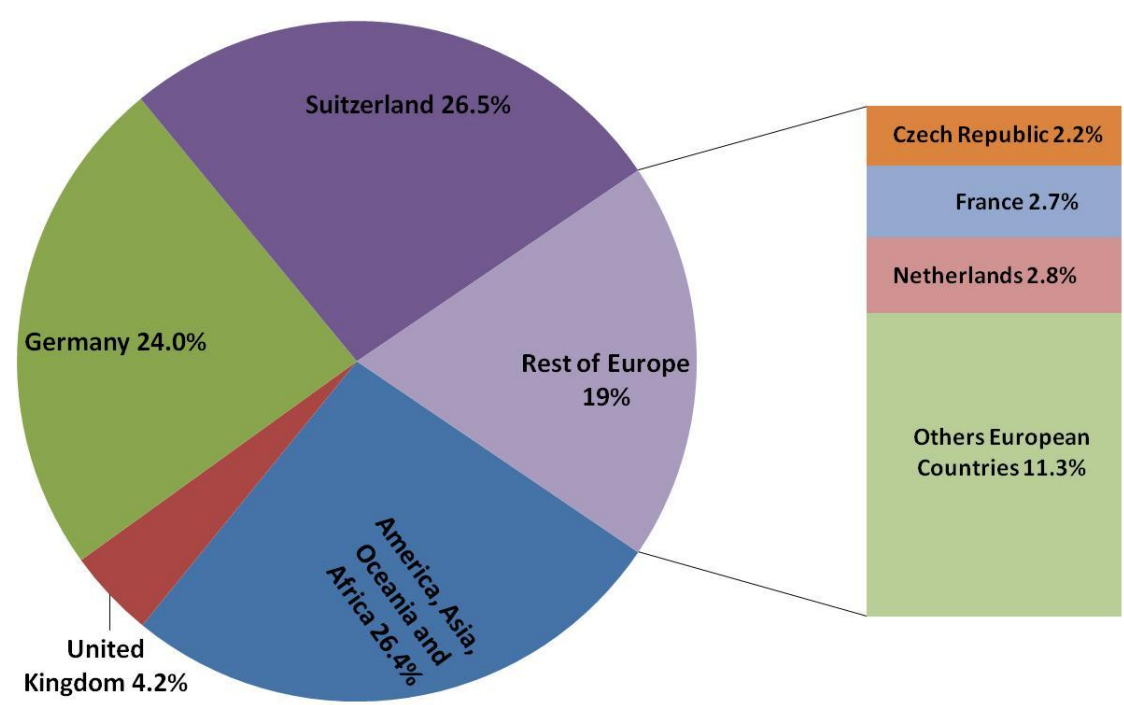
Source: National Institute of Statistics.

II.2 Foreign investment

In 2010, foreign investment brought nearly 150 million euros into the Balearic Islands, and most of those funds came from countries around Europe. The

Balearic Islands house the affiliates of numerous foreign corporations, particularly those associated with the transport and tourism sectors.

Chart 16. Percentages of foreign investment in the Balearic Islands, by country of origin (2010)



Source: Ministry of Industry, Tourism and Trade.

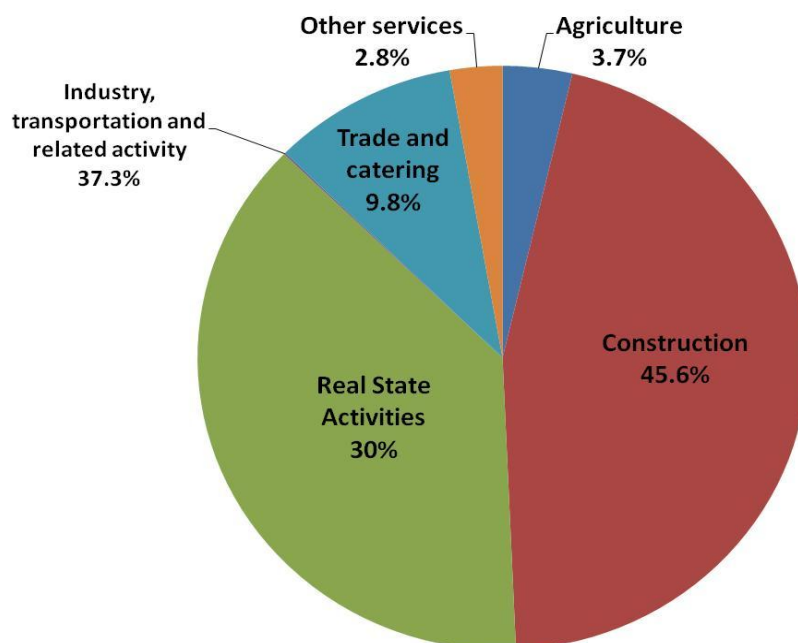
Virtually all foreign investments goes to the service sector and construction (both sectors accumulate a 92% foreign investment in 2010). Investment in others sectors is negligible. Services include real states especially. Others sectors tahat attract foreign investment were the transportation, hospitality and trade.

Chart 17. Development of foreign investment in the Balearic Islands (2000-2010)



Source: Ministry of Industry, Tourism and Trade.

Chart 18. Percentage of foreign investment in the Islands, by sector and activity 2010



Source: Ministry of Industry, Tourism and Trade.

II.3. Business Implementation

II.3.1. Facilities and formalities

Ventanilla Única Empresarial (VUE, single window for entrepreneurs)

Designed to facilitate the creation of new companies, the Ventanilla Única Empresarial offers a comprehensive support service for the entrepreneur, thanks to the cooperative agreement signed by the Ministry of Public Administrations, the Balearic Islands Government, the Palma Town Council, the High Council of Spanish Chambers of Commerce and the Balearic Islands Chamber of Commerce. With this objective, the different administrations have joined forces to facilitate the official procedures and provide the information necessary to set up and start new businesses. Thus, many of the formalities that need to be carried out in order to set up business as an entrepreneur or a company can be carried out through this institution, which is located at Carrer d'Estudi General, 7 in Palma de Mallorca. To use this service, the interested party need only make an appointment, by calling 971 72 12 34.

Taxation and administrative procedures

To set up a company in Spain, the entrepreneur may choose from among several business types. These include:

- ❖ The Individual Entrepreneur, which by law must be 18 years of age or older and have the legal power to engage in the business activity. This business model requires no specific preliminary formalities, as the status acquired is that of a physical person, rather than a legal entity. Moreover, no minimum capital is required to set up this business. Similarly, this model admits a personal management of the business, although the responsibility of the entrepreneur is unlimited, as it extends to all of his/her property.
- ❖ Public Limited Companies, such as the ***Sociedad Anónima*** (SA) and the Limited Liability Company or ***Sociedad de Responsabilidad Limitada*** (SL,). In the former case, the share capital is divided into shares that can be negotiated and transferred and which grant different rights to the holders, in proportion to the shares that they own. In the case of the limited liability company, the capital is divided into units of participation, which can also be transferred, however, the existing partners have the preferred right to purchase such participations before any new partners can enter the company. As a result, this model enables a more exhaustive control of the partners who make up the company.

Yet another possible type of business is the Workers' Limited Company, the **Sociedad Anónima Laboral** (SAL) or **Sociedad Limitada Laboral** (SLL). Whilst this model shares different features with the SA and the SL, such as the limited liability before third parties, the share capital required by law and the obligation to pay the Companies Tax, these companies have distinctive characteristics. One such feature resides in the fact that they are worker-owned and require at least three partners, none of which can own more than one third of the share capital. The primary advantage to this model is that the partner workers have control over the company. It must be borne in mind that the existence of two types of partners (working partners and financial partners) may entail greater effort when making decisions for the company.

The New Enterprise Limited Liability Company, known as the **Sociedad Limitada de Nueva Empresa** (SLNE), is another type of company that is very similar to the Limited Company (*Sociedad Limitada*), however with different traits. The number of partners must be between the minimum of one and the maximum of five natural persons, including the administrator. There is also a minimum share capital of €3,012, and a maximum of €120,202. Yet perhaps the main feature of this business model, which is also a great advantage, is that the incorporation and registration processes can be carried out electronically, through telecommunications systems within a term of 48 hours.

Table 25. Individual Entrepreneur. Taxation and administrative procedures			
Taxation	Personal Income Tax (IRPF)	Personal income tax (IRPF). The tax scale is progressive and ranges between 15% and 45%. Tax systems: objective estimation or <i>módulos</i> (earnings are calculated according to certain parameters), direct estimation (earnings are inferred from the accounting documents generated by the economic activity itself) and indirect estimation.	Where to go AEAT Office (Spanish Treasury) C/Cecilio Metelo, 9
	VAT	Value Added Tax. Generally, the applicable rate is 18% since July 2010.	
Administrative procedures	For the formation of the business	Business license. In the case that the premises already have a permit, a request for the change of title would need to be	Where to go

	To start business activity	<p>filed.</p> <p>Census declaration. Provides information on the main details of the business, the premises and the selected tax system.</p> <p>Business Tax (IAE) Registration. A tax applied to the undertaking of business. Individual entrepreneurs are exempt from paying this tax; however, they must present the statement for informative purposes.</p> <p>Registration / Social Security. Entrepreneurs must pay into the National Social Security System. They have a term of 30 days from the date of the Business Tax registration (IAE) to do so.</p>	<p>Ventanilla Única Empresarial (VUE)</p> <p>C/Estudi General, 7</p>
	After the start of business	<p>There are discounts for the first 24 months of the Social Security payment for individuals under age 31 and for women under age 35. There is also a 50% discount on the payment for disabled persons during the first 5 years.</p> <p>Notification of the opening of the work centre. This must be filed within 30 days of the start of business.</p> <p>Notification of Occupational Hazard Prevention. Only when the company has less than 6 workers, among other requirements.</p> <p>Visitors Book. A log of work inspections. Moreover, the accounting book must be duly recorded with the Companies Registry.</p> <p>Registration of the company with the National Social Security System. This is required of all businesses that intend to hire workers.</p> <p>Registration with the Special Scheme for Self-Employed Workers and registration of work contracts.</p>	

Table 26. Limited liability company (SL). Public limited company (SA).

	Limited Liability Company (SL)	Public Limited Company (SA)
Number of partners	Two or more partners. Otherwise, it would be a sole proprietorship.	
Share capital	Minimum €3,000	Minimum €60,000
Liability	Limited to the capital brought to the company.	
Social Security	The administrator, self-employed scheme; the others, general scheme.	
Administrative procedures		
To set up the company		Where to go
Certification of Uniqueness of Company Name	Certifies that the chosen company name does not coincide with that of another company. The certification is valid for two months, during which time the company must complete its Deed of Incorporation.	Central Companies Registry
Capital Deposit Certificate	A receipt confirming the deposit of the company capital.	Bank or savings bank.
Public Deed of Incorporation	Deed by virtue of which the founding members sign the Deed of Incorporation and approve the previously drafted Articles of Association.	Notary public.
Temporary Tax Identification Code	Application for the corporate tax identification code.	Ventanilla Única Empresarial (VUE).
Payment of the Asset Transfer Tax and Documented Legal Acts Tax (ITP and AJD, respectively)	Tax on the incorporation of a company: 1% of the share capital. Must be paid within 30 days of the submission of the Deed of Incorporation.	Ventanilla Única Empresarial (VUE).
Recording in the Provincial Companies Registry	Determines the legal status of the company. The company's accounting ledger must also be submitted for an official stamp.	Companies Registry C/Capitán Salom, 2- 4th and 5 th floors
To start business		
Census Declaration	Provides information on the main details of the business, the premises and the selected tax system.	AEAT Office (Spanish Treasury)

Business Tax (IAE) registration	A tax applied to the undertaking of business activity for companies with a turnover of more than one million euros as of the third calendar year of activity.	Ventanilla Única Empresarial (VUE).
Registration with National Social Security System	Entrepreneurs must pay into the National Social Security System. They have a term of 30 days from the date of the Business Tax registration (IAE) to do so.	Ventanilla Única Empresarial (VUE).

Table 27. Taxation

Direct taxes	Object	Characteristics
Personal Income Tax (IRPF)	Tax applied to the profits earned by physical persons in the business activity and generated during the tax period, which begins on 1 January and ends on 31 December each year.	Taxpayers are required to make fractional payments of the aforementioned tax on account, by calculating and duly depositing the corresponding amounts.
Corporate Tax	A tax applied to the profits earned by companies through their business activity. The tax period coincides with the company's financial year.	The general rate to be applied is 30%, with certain deductions. A rate of 25% is applied for small- and medium-sized companies.
Inheritance and Gift Tax	A tax applied to the increases in wealth donated by physical persons.	The rate of this tax oscillates between 1% and 34%.
Indirect taxes	Object	Characteristics
Value Added Tax (VAT)	A tax applied to consumer activity and consumption.	From 1 July of 2010 4%, 8% and 18%.
Asset Transfer Tax and Documented Legal Acts Tax (ITP and AJD, respectively).	Tax applied to onerous acquisitions of goods and the incorporation of a company.	Acquisitions of immovable property: 7%. Acquisitions of movable property: 4% Company incorporation: 1%.

Local taxes	Object	Characteristics
Municipal Property Tax (IBI)	Applied to the ownership of immovable property.	The amount depends on the value of the property, and the tax rate is set by the town council.
Business Tax (IAE)	A tax applied to the undertaking of business activity.	There is an exemption for physical persons.
Tax on New Construction, Installation and Construction Work (ICIO)	A tax applied to construction work on buildings and immovable property.	The amount depends on the budget of the construction work.
Tax on the Increase in the Value of Urban Land (IIVTNU)	A tax applied to the capital gain generated upon the transfer of immovable property.	The tax rate is determined by the town council, and cannot be higher than 30%.

II.3.2. Employment System

Table 28. Employment System

Types of permanent contracts	Object	Observations
Indefinite contract	A working relationship is agreed for an unlimited period.	Probationary period from 2 to 6 months, according to collective agreement
Intermittent-Permanent indefinite contract	For fixed and periodic tasks, which are repeated at certain times	Social Security contribution benefits (for under 30 or over 45 years old)
Permanent contract of support for entrepreneurs	For companies with less than 50 workers	Probationary Period: 1 year. Social Security contribution benefits, if the worker stays at least 3 years
Contract to promote	To promote the hiring of certain	Social Security contribution benefits

indefinite hiring	groups (youth, aged 45, unemployed ...)	
Contract for disabled persons	For workers with a degree of disability equal to or greater than 33%	Tax deductions Social Security contribution benefits Subsidies
<p>After labor market reform (February 11th, 2012)</p> <p>Fair dismissal</p> <p>20 days per year worked, up to 12 months</p> <p>Unfair dismissal</p> <p>33 days per year worked, up to 24 months</p>		
Types of training contracts	Object	Observations
Training contract	It is aimed to combine work with training inside the company, for youngsters from 16 till 25 years old.	May be held with young people up to 30 years while the unemployment rate is above 15%. Minimum 1 year, maximum 3 years. There are incentives to transform this contract into a indefinite contract. Social Security contribution benefits.
Internship contract	It is aimed for workers with a college degree or vocational education and training of intermediate or upper level.	Minimum 6 months, maximum 2 years. The worker's degree must have been completed within the last 5 years (7 in case of disabled workers) Social Security contribution benefits. There are incentives to transform this contract into a indefinite contract.
Types of temporary contracts	Object	Observations
Contract for a specific task or	It is aimed to carry out works	Maximum 3 years (extendable to 12 months by collective agreement).

service	and services within the company, whose execution is limited in time.	In case of no termination after this period, it will turn into an indefinite contract Social Security contribution benefits.
Contract due to production circumstances	A contract conceived to meet the demands of the market, accumulated work or excess orders that may arise in the company at a given time.	Maximum 6 months within a period of 12 months (extendable to 18 months by collective agreement) At the moment, chaining different temporary contract is allowed. From December 31st 2012 on, it is not allowed to chain different temporary contracts further than 24 months.
Replacement contract	A worker covers the work day left vacant by a partially retired employee	The duration of the contract shall be equal to the time the worker replaced may require to reach the retirement age. There are incentives to transform this contract into a indefinite contract. There are incentives to transform this contract into a indefinite contract.
<p align="center">Compensation upon contract expiration</p> <p align="center">9 days per year work, starting on January 1st, 2012. It will increase a day by year until 2015, when it will be of 12 days by year.</p>		
Interim contract	This contract aims to enable the substitution of a worker who is entitled to return to his/her position, by temporarily covering such position.	This contract is terminated upon the reincorporation of the substituted worker. It can also be used to cover a job during the selection process for final coverage. Social Security contribution benefits There is no compensation upon expiration

Social Security

The National Social Security System is a set of public schemes through which the State guarantees the people within its field of application, their family members and any individuals officially under their care, adequate protection for the needs and situations set forth by law.

For the purpose of the contribution-based benefits, the sphere of application of the Social Security System includes all Spaniards residing in Spain and foreigners legally residing in or visiting Spain, in both cases provided that they engage in their work activity within the national territory, and that they are included in any of the following categories:

- Employees
- Self-employed workers or freelancers
- Working partners of associated work cooperatives
- Students
- Government employees and military servants

All individuals who undertake an occupational activity that gives rise to their inclusion in a scheme of the Social Security System must request a Social Security Number. This number presents the following characteristics:

- It is required of the individuals included in the System, for the purpose of their rights and duties as contributors.
- It is unique and general for all the schemes of the system.
- It lasts throughout the entire lifetime of the individuals included in the system.
- It is exclusive.

Website of interest:

www.inem.es

www.seg-social.es

Immigration

Foreigners, who wish to visit, reside and work in Spain may obtain basic information on the general immigration system regarding the formalities and administrative procedures required for a work permit at the websites below:

<http://extranjeros.meyss.es/es/>

Balearics islands:

Palma Activa: <http://www.creatpalma.es/>

OFIM: http://www.immigrabalears.com/extranjeria/Folletos_Informativos/OFIMs.pdf

Under no circumstance whatsoever are the contents of this guide to be considered a substitution of the legislation in force, a source of legal consultation or advice of any other nature.

II.3.3. Incentives and funding

For information regarding the types of incentives and public funding available, please visit the “Invest in Spain” link:

www.investinspain.org

www.caib.es (Balearics islands)

II. 4. Emerging sectors

II.4.1. Entrepreneurship facilities

The business opportunity in a given region is determined by that region’s economic and social milieu. The countless influencing factors have led to the proliferation of possible business opportunities in every sector.

In the case of the Balearic Islands, identifying a specific list of possible emerging sectors in the Balearics can be a complicated task. Then it is advisable to surf on the net, visit the Entrepreneur Website *Portal del emprendedor*, <http://uib.balearsempren.com/> and consult the different guides and facilities that offers:

- Guide. Practical advises to start up your business in the Balearic Islands:

http://www.caeb.es/files/destacats/guia_consejos_practicos_para_crear_tu_empresa.pdf

- Creation of innovation businesses guide:

http://uib.balearsempren.com/component/option,com_docman/task,cat_view/gid,47/Itemid,99/?mosmsg=The+document+is+being+edited%2Fupdated+by+an+user+and+is+unavailable+at+this+moment.702%21%3Do

- Start up your own business. Learn the different steps to accomplish:
 1. The idea: <http://uib.balearsempren.com/content/view/51/136/1/o>
 2. The business plan: <http://uib.balearsempren.com/content/view/23/94/>
 3. Juridical structure: <http://uib.balearsempren.com/content/view/24/150/>
 4. Financial support: <http://uib.balearsempren.com/content/view/25/96/>
 5. Launching: <http://uib.balearsempren.com/content/view/49/129/>
 6. Consolidation: <http://uib.balearsempren.com/content/view/27/98/>

II.4.2. Agriculture, livestock and fish

The Balearic Islands boast vastly diverse geographic areas, thanks to the coexistence of many different land types and microclimates within the overall Mediterranean climate. These features foster the development of countless different crops and cattle. The Mediterranean environment provides us with exquisite assortments of fish and seafood that still bear the flavour and scent of the sea when they reach the table. The locally prepared foods, the results of the culture and gastronomic know-how of the islanders and their ancestors, enhance the products given to us by the land and the sea.

Until the advent of tourism, agriculture and fishing had been one of the basic activities of the Islands. The need for self-sufficiency led the local people to make the most of their natural resources and to develop typically Mediterranean types of crops: grains, grapevines and olive trees. In the mid 19th century, with the normalisation of maritime transport, there were major changes in the types of crops cultivated, which became more market-oriented.

In 2010, the surface area of the Islands' cultivation land accounted for 33.6% of the entire land surface. Of the total agricultural extension, a total of 62,990 hectares are devoted to herbaceous crops, mainly cereals for grain and forage crops, 52,955 hectares in total woody crops, mostly fruit and carob trees, and other land owned unemployment and fallow lands.

The agriculture of the islands also has a significant presence abroad. Thus, food exports were increased in 2010 compared to 30.4% in 2009.

Table 29. Exported agricultural goods, 2010		
Thousands of kg.		Thousands of €
Potatoes	14,292.1	7,769.0
United Kingdom	5,144.8	2,729.3
Denmark	4,806.7	2,836.8
Germany	1,932.6	894.6
Locust bean gum	1,333.1	9,152.1
Germany	266.0	1,811.2
Japan	260.0	1,769.8
Denmark	252.0	1,820.6
Wines and spirits	1,009.9	5,435.8
Germany	469.2	2,360.5
Switzerland	97.0	912.4
Netherlands	66.4	118.3

Source: Ibestat.

Livestock production Balearic increases in 2011 compared to 2010 by 51%.

The fishing sub-sector holds an important position in the economic activity of the entire archipelago. In 2011, the Balearic Islands had a fishing fleet of 358 boats, 204 of which were from Mallorca, 79 from Menorca, 51 from Eivissa and 24 from Formentera.

Small plankton-feeding species with short lives, such as the red shrimp, the picarel, the blue whiting and the sardine, are extremely important in the Islands' fishing activity.

Table 30. Amounts of fish caught, by type of fish, 2011	
Types of fish	Amount caught (kg)
Picarel, blotched picarel	182,889
Red shrimp	158,854
Dolphinfish	134,238
Smaller fish	146,842
Mackerel	143,148
Octopus	134,592
Red mullet	123,611
Mussel	159,612
Sardine	275,707

Source: General Direction of Rural and Marine

In recent years, new activities have been introduced to the agriculture sector, representing the development of an innovation process in the Balearic fields, as described below.

Organic farming and livestock These activities consist of obtaining foods by means techniques that do not use synthetic chemical products (fertilisers, growth stimulators, pest control products, etc.) or genetic manipulation. The aim of this activity is to preserve the environment, conserve the fertility of the soil and sustainably provide foods with all of their natural properties.

Organic agricultural production is in a constant process of expansion. According to the Council of Five Organic Agricultural Production (CBPAE) in 2010 in the Balearic Islands had 28,747 acres of organic production and 652 registered producers and processors. Since 2007 there has been an increase of 48% (from 19,450 hectares in 2007 to 28,747 in 2010).

The government has implemented plans of action that include the incorporation of organic labelling to certify the quality of the products, generating competitive advantages over other producers.

In this area, the most noteworthy products are fruits, vegetables, grapes, olives, oranges, lemons, aromatic and medicinal herbs, almonds and dried fruits.

Though in growth, the organic livestock market is up against a shortage of food resources produced in the Balearic Islands.

Integrated agriculture can be conceived as a mid-point between conventional industrialised high-consumption agriculture, which places priority on high production, and organic farming. Though it tends to use environmentally low-impact methods, it does not observe some of the limitations and commitments inherent in organic farming.

Its main objectives are as follows:

- To incorporate natural resources and regulated mechanisms with the aim of minimising outside input of all types (fertilisers, water, energy, etc.);
- To guarantee the sustainable production of foods and other products, through the preferential use of environmentally friendly technologies and products and that minimise pollution;
- To maintain the many functions of agriculture and farm productivity.

In terms of legislation, there is no comprehensive set of regulations on integrated production. Guidelines, techniques and strategies, as well as rules for the practice have been specifically set forth by agreement by the International Organization for Biological and Integrated Control (IOBC).

Spain has been a pioneer in the effort to promote integrated farm production, with its Associations for Integrated Treatment in Agriculture. The process was promoted by the country's different autonomous communities, including the Balearic Islands.

Wine production. Though the wine culture, typical of the Mediterranean, has been a deeply rooted in the Balearic Islands for many centuries, a special interest in improving the quality of wines did not emerge until the late 1980s.

The Islands' denominations of quality are particularly important, as they enable the consumer to distinguish Balearic products from others, with special characteristics that are tied to the local geographical environment. The wines, for example, boast the denominations of origin of *Binissalem* and *Pla de Llevant*, and the wines bearing the *Vi de la Terra Illes Balears* quality seals distinguish the origins as follows: *Mallorca*, *Eivissa*, *Illa de Menorca*, *Formentera*, *Serra de Tramuntana-Costa Nord* and *Illes Balears*.

For alcoholic beverages, the Islands' denominations of origin include *Palo de Mallorca*, the geographical denomination *Herbes de Mallorca*, the geographical denomination *Herbes Eivissenques*, and *Gin de Menorca*.

At the same time, there has been a growing interest in individualised production and the opportunity for each consumer to produce his/her own wine.

Today, the internationally prominent **quality seals** particularly include the protected geographical indication, *Sobrassada*, the specific *Ensaïmada de Mallorca* quality seal and the *Maó-Menorca* denomination of origin for cheeses, as well as the *Oli de Mallorca* quality seal for olive oil.

The quality guarantee brands include the Mallorcan almond and select Mallorcan pork, or PSM (*Porc Mallorquí Selecte*), presented by the PIMEM's (Small- and Medium-sized Enterprises of Mallorca) Provincial Porcine Livestock Producers' Association in early 2002, in an effort to offer the market a clearly distinctive product of undeniable quality and with all the health control guarantees for the consumer.

Particularly worthy of note among the indigenous breeds are the black pig and the sheep, which have adapted to the climate conditions and geography of the Islands.

The Mallorcan black pig is the only indigenous breed of pig on the island of Mallorca, and enjoys special protection under the Catalogue of Spanish Livestock Breeds. This breed has gradually grown in number along with Mallorcan black-pork *sobrassada* since 1996 as a Protected Geographical Indication and by virtue of the demand for Mallorcan black pork.

Sheep ranching is a traditional activity on the island of Mallorca. According to different studies, goats and sheep were bred as grazing animals in Mallorca since the Talayotic era, making use of both their milk and their meat. The selection made by the Island's livestock breeders, their handling and feeding, and the environment in which the Balearic sheep grazed made for remarkably high-quality meats. These meats are used in traditional dishes, such as the *frit mallorquí* (fried meats and vegetables) and the typical Easter pies, or *panades*.

Along these lines, the Balearic Islands have promoted a project known as the Good Taste Agroroutes, to familiarise visitors with local products and their main producers. Thus, through a series of routes, participants may visit different food and agriculture companies around the Islands.

These products offer a number of advantages and opportunities, such as:

- Geographical names widely recognised by consumers.
- Modernised sectors that have incorporated the latest technologies.
- They are adapted to the new international certification regulations.
- Products in fashion: wines and olive oils.
- They have the adequate logistics system and structure for export.
- They can serve to produce new tourism products: Olive oil tourism, wine tourism, agritourism (agro routes), etc.

Further information is available at: www.illesbalearsqualitat.cat

II.4.3. Industry

The Balearic Islands have a long-standing tradition of industry, which has always played an important role in the economy. Today, this sector is undergoing a significant modernisation process and has made a commitment to the promotion of a strategy for quality design with an innovative spirit, market adaptability and exportation skill. Moreover, the products developed are environmentally friendly as regards both their production and their potential use. The table below lists the main exports and markets for the Balearic Islands' industrial products.

Table 31. Industrial goods exported, 2010	
In millions of euros	
Footwear	143,253.3
France	24,781.6
Germany	22,823.2
Italy	22,417.5
United Kingdom	10,853.7
Bathroom fixtures	4,818.0
France	1,035.0
United Kingdom	574.7
Germany	418.0
Jamaica	251.2
Essential oils and perfume and cosmetics goods	24,407.3
Netherlands	7,316.8
Germany	3,246.2
Czech Republic	2,184.4
Italy	1,474.7
Furniture	2,495.9
Dominican Republic	268.8
Panama	424.3
France	46.5
Morocco	71.1
Mexico	1,200.2
Jewellery and fashion jewellery	5,494.8
United States	811.1
France	854.8
Switzerland	334.7
Australia	367.8

Leather and hides	19,484.8
Morocco	8,149.5
China	6,342.6
Hong Kong	1,996.1
Clothing and accessories	1,265.7
Netherlands	176.1
Mexico	111.2
Brasil	113.2
Treated leather	19,664.4
France	8,162.4
Germany	2,010.1
China	6,414.5

Source: High Council of Spanish Chambers of Commerce, Industry and Navigation.

As regards the activities that make up the production fabric of the archipelago, there are a number of relatively important industrial activities within sub-sectors that cannot be ignored. These include those connected with energy, water, intermediate goods, food, leather, textiles and clothing production, as well as cork and wood.

Traditional industry in the Islands has evolved through time. The new technologies sector has afforded the opportunity to apply new technologies, improving both know-how and production processes. The Balearic Islands are an excellent site for professionals and specialised companies in sectors that intensively use the new information technologies.

Currently, industrial policy is aimed at enhancing the total factor productivity. It seeks to increase the innovative capacity through research and technological development. In the European Union level, the Framework Programme 2007-2013 shows interest in sector-specific innovation, innovation and the creation and strengthening of clusters.

The industrial cluster is a concentration of enterprises, institutions and other agents in a relatively defined geographical area, the interaction of which results in increased productivity and efficiency, reducing transaction costs, accelerated learning and dissemination of knowledge. That is, through cooperation and competition produce synergies.

There are currently seven business clusters in the Balearic Islands. Three of them, TurisTEC, an information and communication technologies cluster for tourism, the Technological Innovation Cluster for the Tourism Industry, and Ibizamusictour, the music activity cluster in Ibiza, have been formally recognised by the Spanish Ministry of Industry, Tourism and Commerce as innovative business groups, or AEIs, according to the Spanish acronym. The other four clusters in the Balearics, which correspond to the audiovisual (CLAB), biotechnology (BIOIBAL), maritime (IDIMAR) and helicopter sectors, do not boast AEI status.

TurisTEC

Having earned its recognition as an AEI in 2007, TurisTEC is a group of companies and institutions that produce and implement technological solutions for the tourism sector. This cluster brings together a knowhow equivalent to over seven hundred years of experience in the development and improvement of tourism destinations, and it is backed by an extensive portfolio of clients that includes leading companies in the hotel, air transport and maritime transport industries, tourism, leisure and culture, complementary services, travel agencies and virtually the industry's entire chain of value. Headquartered in the Balearic Islands, this cluster is made up of 67 members, many of which are companies located in the Parc Bit.

The primary aim of this cluster is to increase, promote and strengthen the ICT-Tourism sector in the Balearic Islands.

www.turistec.org

Technological Innovation in Tourism Cluster

Taking the hotel subsector as its point of departure, the Technological Innovation in Tourism Cluster in the Balearic Islands covers the tourism industry's entire chain of value and features companies and institutions that provide technology and knowledge for the sector.

Having received its AEI status in 2009, this cluster helps tourism sector companies to develop cooperative relations and alliances with both their chain of value and other types of institutions within the regional science and technology system.

Moreover, the cluster aims to extend the generation and marketing of knowhow and pure technology, to ensure the generation of wealth of Balearic tourism and to make it a competitive, efficient and quality sector, both nationally and internationally.

www.balearsesturisme.org

Ibiza Music Cluster

Earning its AEI status in 2009, this cluster is a shared, comprehensive and integrative strategy among the island's main public and private agents to promote the competitive repositioning of the island of Ibiza as the top international destination-district for music innovation.

The Ibiza Music Cluster is made up of more than 235 companies (music creators, producers, promoters, record labels, companies specialised in training, distribution, exhibition, sound and associated services, business associations, the university and research centres). Boasting an annual turnover of more than 175 million euros, this cluster provides more than 2500 people with jobs.

www.ibizamusiccluster.org

BIOIBAL

Biotechnology is the application of science and technology to living organisms, as well as parts of organisms, organism products and models, in order to change living and non-living material for the production of knowledge, goods and services. The areas of application for biotechnology are extremely diverse and include human and animal health, the environment, the food and agricultural industry and bioprocesses.

For over thirty years, the Balearic Islands have accommodated biotechnology companies. Today biotechnology is a leading sector and a cross-sectoral activity, as it currently serves other industries. Some such examples are the provision of water treatment services for hotels and the control of industrial processes. This field requires intense interaction among the universities, public and private research centres, hospitals, enterprises and the government. For this reason, there are both public and private bodies that offer tools to facilitate this communication and exchange:

1. Regional administration

- Directorate-General of Industrial Promotion
- Directorate-General of Research, Technological Development and Innovation
- IDI: Balearic Islands Institute of Business Innovation
- IRFPA: Balearic Islands Institute of Research and Education for Agriculture and Fishing
- Directorate-General of European Funds
- Directorate-General of Evaluation and Accreditation

2. Balearic Islands University (UIB)

- IMEDEA: Mediterranean Institute of Advanced Studies (CSIC-UIB)
- IUNICS: University Institute of Health Science Research
- IFISC: Institute of Interdisciplinary Physics and Complex Systems
- Research Groups of the Balearic Islands University

3. Public research centres and institutions

- IEO: Balearic Oceanographic Centre
- Geology and Mining Institute of Spain
- INM: Regional Meteorological Centre in the Balearic Islands
- Aquiculture Station
- Blood and Tissue Bank Foundation of the Balearic Islands
- Caubet-Cimera Foundation
- Mateu Orfila Foundation
- Son Dureta University Hospital Research Unit

4. Infrastructures supporting innovation

- PIMEM: Menorca Research and Quality Promotion Centre
- CETEBAL: Balearic Wood Technology Centre
- CITTIB: Balearic Islands Centre for Tourism Research and Technologies
- IBIT Foundation
- INESCOP: Spanish Institute of Footwear and Related Industries
- ITEB: Fashion Jewellery Technology Institute
- ParcBit, SA
- CBE: Balearic Islands Europe Centre
- CEEI: European Centre for Innovative Enterprises in the Balearic Islands
- XARXAERA-MORE: Balearic Islands Mobility Centre
- FUEIB: Balearic Islands University-Enterprise Foundation
- OSR: Research Support Office

5. Business support organizations

- Chambers of commerce
- Business organizations
- Business associations

The Biotechnology Business Association (BIOIB) was created in the last quarter of 2007, as a project for the promotion and protection of the Balearic Islands biotechnology sector. This non-profit organization was founded in response to the total awareness of the sector's existing talent and quality research, along with the need to attain a critical mass to promote joint campaigns that enable this up-and-coming sector to effectively take root.

In 2009, the BIOIBAL association was established, with the aim of consolidating the biotechnology sector as a hub for the competitive development of the island economy. This initiative was spurred by the Balearic Association of Biotechnology Companies, with the support of the Balearic Islands Government, through the Directorate-General of Research, Technological Development and Innovation.

www.bioib.org

CLAB

Thanks to their privileged location, climate and the beauty of their landscapes, the Balearic Islands have seen striking growth in the **audiovisual advertising industry**. In fact, it is believed that Mallorca is now the European capital for advertising. At present, some 140 adverts on average are filmed on the island of Mallorca each year. This sector is in growth and offers quality service for foreign advertising agencies. According to the Illes Balears Film Commission, the annual turnover of the Balearic Islands' audiovisual industry exceeds twenty million euros, not counting the revenues generated by the local and regional television broadcasters.

The Audiovisual Cluster of the Balearic Islands (CLAB) was founded in 2008 with the aim of developing technological and innovative actions for audiovisual production and services, by promoting synergies and cooperation among different companies and institutions. The CLAB's activity revolves around four major focal points in the regional sector: television, advertising, the film and radio sector, and the phonographic sector.

www.clab.cat

Cluster of the sea-faring sectors: IDIMAR

This group was conceived in response to local company needs for the development, promotion and distribution of technological innovation within the Balearic Islands maritime sector. To date, the cluster is made up of 26 members, which include companies, associations and research units.

www.idimar.org

Helicopter Cluster

The helicopter cluster aims to promote and strengthen the sector's competitive edge, with a view to becoming the benchmark organization in the industry. This cluster is considered by many agents to be the driving force for innovative business initiatives that foster cooperation among companies and public and private research centres.

With a supra-regional geographic scope, this association covers the Autonomous Communities in Spain that accommodate the majority of the sector's industries: the Community of Madrid, Catalonia, Andalusia, Castile and León, the Balearic Islands and the Community of Valencia.

www.aecaweb.com

The industrial fabric is based on industrial complexes, and new ones are now opening

MALLORCA		
NAME OF COMPLEX	MUNICIPALITY	TOTAL SURFACE
Ca Na Lloreta	Alcúdia	226,500
Es Pujols	Artá	98,428
Binissalem Industrial Complex	Binissalem	72,181
Ses Veles	Bunyola	319,425
Son Reus & Ca'n Canut & Son Canut	Bunyola	2,272,613
Son Bugadelles	Calvià	198,470
Capdepera Industrial Complex	Capdepera	71,040
Consell Industrial Complex	Consell	68,532
Son Colom	Felanitx	112,153
Can Matzarí (III)	Inca	524,200
Can Matzarí	Inca	402,500
Lloseta Industrial Complex	Lloseta	100,000

Son Noguera	Llucmajor	243,096
Manacor Industrial Complex	Manacor	251,940
Ca'n Rubiol	Marratxí	142,873
Marjals	Muro	20,000
Parc Bit	Palma	3,972
Son Castelló or La Victòria Industrial Complex	Palma	2,226,517
Son Oms	Palma	402,500
Son Fuster	Palma	112,234
Son Morro	Palma	382,000
Ca'n Valero & Ca'ls Enagistas	Palma	380,328
Llevant Industrial Complex	Palma	78,640
Son Valentí	Palma	117,344
Petra Industrial Complex	Petra	51,442
Pollença Industrial Complex	Pollença	167,000
Sa Creu	Porreres	71,631
Can Tro	Sa Pobla	55,376
Santa Eugènia Industrial Complex	Santa Eugènia	184,734
Ca'n Picafort Industrial Complex	Santa Margalida	140,000
Es Cos (Santa Margalida)	Santa Margalida	-
Son Llaüt	Santa Maria del Camí	150,000
S'Olivó	Santanyí	35,000
Sencelles Industrial Complex	Sencelles	30,000
Sineu Industrial Complex	Sineu	19,000
Son Angelats	Sóller	21,098
Son Servera Industrial Complex	Son Servera	67,625

Source: Island Council of Mallorca, Chamber of Commerce and Balearic Islands Institute of Business Innovation

MENORCA			
NAME OF COMPLEX	MUNICIPALITY	TOTAL SURFACE	SURFACE OF PLOT
Llinàritx	Es Mercadal	64,876.00	46,974.00
POICI	Ciutadella	800,533.75	520,629.75
La Trotxa	Alaior	302,836.14	181,008.00
POIMA	Maó	1,273,314.02	877,502.13
POIFE	Ferrerries	157,634.00	89,958.00
Sant Lluís Industrial Complex	Sant Lluís	474,000.00	318,790.60
Industrial and Services Complex	Es Castell	56,600.00	40,600.00
Industrial and Services Area	Es Migjorn Gran	8,700.00	7,891.00

Source: Provisional information obtained from the industrial land study that is currently underway in Menorca.

Island Council of Menorca and Balearic Islands Institute of Business Innovation.

EIVISSA			
NAME OF COMPLEX	MUNICIPALITY	TOTAL SURFACE	SURFACE OF PLOT
Ca Na Palava	Santa Eulàlia	81,309	51,754
Can Negre	Santa Eulàlia	119,270	93,226
Ca Na Negreta/Can Ramon	Santa Eulàlia	60,274	46,175
Puig Den Valls	Santa Eulàlia	15,577	13,022
Can Clavos	Santa Eulàlia	58,783	51,041
Can Xiquet Pou	Santa Eulàlia	64,019	42,817
Cas Corb	Santa Eulàlia	86,338	10,539
Can Bufí	Santa Eulàlia	100,834	87,448
*Puig d'en Valls	Eivissa	99,689	71,359
Can Bufí	Eivissa	77,730	48,342
*CAMPSA		165,633	155,207
*GESA		167,352	151,934
Poligono Servicios Sector 10	Sant Antoni	196,843	196,843
Montecristo	Sant Antoni	360,813	216,488
Ses Païsses	Sant Antoni	174,683	124,465
En Fita en Sant Jordi	Sant Josep	89,749	53,849
Cala de Bou	Sant Josep	3,983	3,983
Carretera Sant Francesc	Formentera	98,300	58,980
Zona Serveis, Es Viver	Sant Joan de Labritja	39,120	39,120

Source: Provisional information obtained from the industrial land study that is currently underway in Menorca.

Island Council of Menorca and Balearic Islands Institute of Business Innovation.

**Provisional information, to change subject*

The Balearic business associations include the Confederation of Business Associations of the Balearic Islands (known by its official acronym, CAEB) and the Small and Medium-sized Enterprises of Mallorca (PIMEM), among others.

II.4.4. Energy

The Balearic Islands have a quality power supply that facilitates economic activity and provides comfort for the people.

The use of renewable energies is currently being promoted, with the aim of improving energy efficiency and introducing new sources of energy that enable the use of cleaner fuels. Mention must be made of the growing interest in investments in the sector of solar and other renewable energies. The archipelago's climate abounds with sunlight (more than 2,700 hours annually). Moreover, the public administration is making efforts to strengthen this sector, through residential and business installations, as well as public facilities and buildings.

In fact, investor interest in renewable energies has increased, particularly regarding solar energy (where the demand has still yet to be completely covered), wind energy (Spain is the third most powerful source of wind energy in the world) and more recently biomass, for the production of biofuels, as an alternative to the use of fossil fuels.

With reference to **solar energy**, the Balearic Islands University is participating in UnivERsol (Universities Renewable Solar Energies), a solar energy generation project, which is co-funded by the European Commission's Directorate-General for Transport and Energy (DGTREN). This project envisages the creation of twenty-nine solar power stations, which will be connected to the power network, at universities and cultural buildings in Spain, France, Holland and the United Kingdom. In addition, the UIB is also heading the CCStaR project, which entails the development of a concentrating solar collector equipped with a fixed reflector that can easily be built into buildings as a roof, unlike most solar collectors, which need to follow the movement of the sun. Next year, the first experiment will be carried out in a hotel in the Balearic Islands. Numerous companies based in the archipelago have vast experience in this sector.

As regards **wind energy**, we must mention the Es Milà Wind Park (on Menorca), the first of its kind in the Balearic Islands, made up of four aerogenerators that supply 800 Kw. With an envisaged annual production of 7040 MWh/year, they can provide 2000 homes with electricity.

The implementation of **natural gas**, with the arrival of the corresponding pipeline in 2009, will enable the supply of a cleaner, safer and more efficient source of energy with high heating capacity, as well as the application of new technologies in cogeneration and trigeneration, along with district heating and district cooling systems. Moreover, the impact of these systems on the environment and landscape will be minimal, as the networks will be installed underground. At the same time, the anticipated underwater cable connection with the mainland power network will make it possible to offer greater guarantees in terms of supply.

II.4.5. Environment

Raising awareness to the value of our environmental heritage and the need to protect the archipelago's ecological wealth is inherent in all the social and economic activities of the Balearic Islands. The primary economic asset of the Balearic Islands, the environment is the object of countless different protection policies.

The growing environmental awareness in both the public and private sectors has fostered an increase in protected natural areas, the promotion of the sensible use and conservation of resources (the use of water in the Islands has historically been below the average consumption level in Spain), as well as the use of advanced waste treatment and disposal systems.

Table 32. Surface of natural areas in the Balearic Islands, 2010 (ha.)				
	Balearic Islands	Mallorca*	Menorca	Pitiüses
Protected natural areas	74,255.6	67,831.8	3,438.3	2,985.5
Total land surface	498,459.04	363,560.81	69,472.02	65,426.20
% Protected surface	14.9%	18.7%	4.9%	4.6%

Source: Balearic Ministry for the Environment.

*Including Cabrera.

Table 33. Waste collected in the Balearic Islands, 2010 (Tones)				
	Illes Balears	Mallorca	Menorca	Pitiüses
Paper and cardboard	28,789	15,939	5,570	7,280
Glass	22,963	15,564	2,420	4,979
Packaging	16,497	12,531	1,896	2,070
Organic Material	12,951	11,367	1,584	...
Rest	578,135	531,544	46,591	...
Waste mass	96,613	96,613
Total	755,948	586,944	58,061	110,943

*For Pitiüses there're only waste mass.

Source: Consell Insular.

The application of the international and European regulations to the climate change and the ensuing effects on the environment entail the implementation of initiatives that target compliance with the international and EC obligations regarding information, the commitment to reduce greenhouse gases, a control of atmospheric pollution and air quality, the steadfast commitment to more environmentally friendly energy sources and public transport.

In this sense, according to the calculations of the European Union, the environmental sector is generating more jobs than the automobile and pharmaceutical industries.

The United Nations Environmental Programme (UNEP) anticipates a doubling of the global market for environmental products and services by 2020.

Currently emerging sectors include wastewater treatment and purification; waste separation and classification; urban waste collection and incineration or composting; industrial waste; thermal solar energy and the use of biomass as a source of energy; protected natural area management; environmental services for companies and the public administration, as well as environmental education and information.

According to *Invest in Spain*, the body in charge of attracting and maintaining foreign investment, Spain as a country has the second most powerful total installed wind energy in Europe and ranks number four in Europe in the use of thermal solar power. Spain is also the largest European producer of bioethanol and the fourth most important producer of biogas in Europe. Moreover, the environmental sector accounts for 1.6% of the GDP and now has 2000 companies.

In this sense, the Balearic Islands were pioneers in the application of environmental management systems to the tourism sector, by introducing the EMAS system (Eco-Management and Audit Scheme). Among other initiatives, the EMAS system has implemented waste treatment by staff and clients, which entails the separation of hazardous waste for its transfer to specialised companies; water and energy conservation; the use of more environmentally friendly products, the use of biodegradable products; and bulk purchasing to reduce packaging. This campaign has also led to the installation of double glass in rooms and the shutdown of heating systems when guests are not in the rooms.

Mention must also be made of other systems implemented to reduce environmental impact. These include the European Ecolabel (also known as “the flower”), a unique certification system designed to help European consumers identify the most ecological and environmentally friendly products and services, with the exception of food products and medications; and the ISO 14001 certificate, an international standard that can be applied by any organization that wishes to establish, document, implement, uphold and continually improve an environmental management system. One example of benchmark sustainable tourism management is the “Balearic Sustainable Hotel Network”, a non-profit organization made up of hotel sector companies that have made the commitment to protect the environment and that wish to promote the exchange of environmental experiences and contribute to sustainable development.

Consumers are becoming increasingly more aware of the importance of the environment, and for this reason, the volume of selective collection is on the rise. The company TIRME S.A. is devoted to the comprehensive management of waste treatment (collection of urban waste, animal and medical waste, the transport of such waste to waste-treatment plants, for subsequent incineration, recycling, composting or methanisation, converting solid waste into biogas) and is also associated with two other sector companies. The first is MAC INSULAR SL, a waste treatment company that handles construction and demolition waste, large-volume waste and end-of-life tyres; and the second is BALEAR DE TRITURACIONES, which covers any needs that may arise on the island of Mallorca for the reduction of volume of certain types of waste by means of grinding. Finally, EMAYA, which is the main treatment centre for the disposal and incineration of all urban solid waste generated on the island, also manages a high-density dumpsite, which operates by means of the aerobic treatment of the deposited waste, by generating the corrosion and biodegradation of such waste, and combining this activity with a compacting process. EMAYA also handles the selective collection of paper, batteries, white and coloured glass, clothing, mineral oil, tins and button batteries, the home collection of old appliances and tyres.

This sector also boasts other companies specialised in hazardous and medical waste management, paper and cardboard collection, classification and treatment for subsequent conversion into toilet paper, paper towels and tissues, the destruction of confidential papers and their conversion into compact cardboard and similar processes.

Finally, it must be noted that the availability of water in the Islands is limited, making for an attractive sector for companies specialising in water desalination and purification. Existing infrastructures include the Palma Desalination Plant and the EMAYA Purification Department, which has been operative since 1971 and handles the purification of the wastewater generated in the municipality of Palma de Mallorca, in keeping with sustainability criteria and adhering to the guidelines of both the United Nations and the European Union.

II.4.6. Tourism

The tourism sector is undoubtedly the most important business sector in the Balearic Islands. It is characterised by the quality of the services offered, and a deep respect for the environment. The archipelago is a modern tourism destination and the home to international tourism companies, hotel chains, airlines, tour operators, catering companies, software suppliers, etc.

Particularly worthy of mention is the diverse supply which takes in rural tourism, nautical tourism, health tourism, activities such as cycling, hiking and diving, cultural tourism, events and conventions.

Each of the Balearic Islands (Mallorca, Menorca, Eivissa and Formentera) emanates the essence of a consolidated brand. With deep-rooted experience in tourism management, they are equipped with solid resources, a diverse complimentary supply and a business culture centred on quality and excellence. Indeed, these were the foundations of the Balearic Islands' own distinctive pattern of tourism development.

Table 34. Numbers of international tourists, by autonomous community of destination						
Autonomous communities	2008		2009		2010	
	Thousands	%	Thousands	%	Thousands	%
Catalonia	14,344	25.1%	12,769	24.4%	13,177	25.0%
Balearic Islands	10,021	17.5%	9,037	17.3%	9,178	17.4%
Canary Islands	9,357	16.4%	8,204	15.7%	8,611	16.3%
Andalusia	7,975	13.9%	7,359	14.1%	7,437	14.1%
Community of Valencia	5,713	10.0%	5,109	9.8%	5,024	9.5%
Madrid	4,616	8.1%	4,896	9.4%	4,634	8.8%
Rest of Autonomous communities	5,166	9.0%	4,857	9.3%	4,616	8.9%
Spain	57,192		52,231		52,677	

Source: Spanish Institute of Tourism Studies (IET-FRONTUR).

Table 35. Number of passengers that arrived by plane, 2010	
Airport	Passengers
Mallorca	21.1 mill
Menorca	2.5 mill
Eivissa	5 mill

Source: AENA.

Table 36. Number of passengers that arrived by ship (regular line), 2010	
Ports of ...	Passengers
Mallorca	0.8 milions
Menorca	0.2 milions
Eivissa	2.9 milions

Source: Balearic Island Ports.

Table 37. Lodging capacity in tourism establishments in 2010		
Establishments	No. establishments	No. Beds
Apartment	908	88,811
Campsite	8	3,137
Resort town	12	7,880
Hotel	717	198,911
Residence hotel	39	3,935
Apartment-hotel	237	92,036
Apartment residence	10	2,490
Inn	140	7,296
Boarding house	186	8,582
Others	388	6,905
Total	2,645	419,983

Source: CITTIB: Balearic Islands Centre for Tourism Research and Technologies.

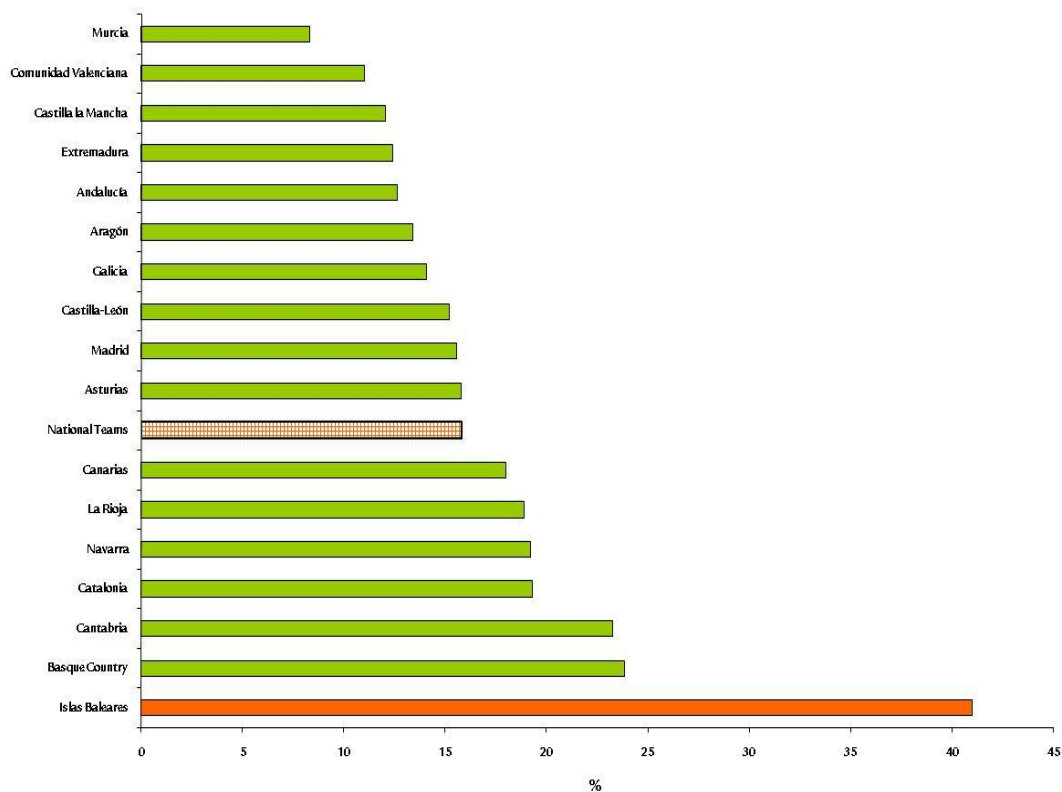
In recent years, the Balearic Islands have been confronted with the challenge of sustainable and diversified growth. The objective of such challenge is to complement the sun and sea supply with new modes of tourism, so as to create a new demand for quality that moreover contributes to increasing tourist expenditure. The ultimate aim is to enhance the Balearic competitive edge by making use of innovative management methods and improving the professional training of the sector's workforce.

a) Rural tourism

Rural tourism has enjoyed remarkable growth since the mid 1990s. In 2010 were exceeded 40,000 places. In the Balearic Islands, this new form of tourism offers great potential, thanks to a number of qualities including:

- A good climate all year round
- A qualified workforce
- A high daily expenditure (€140 per tourist)
-

Chart 19. Level of lodging occupation of rural tourism accommodations, 2010



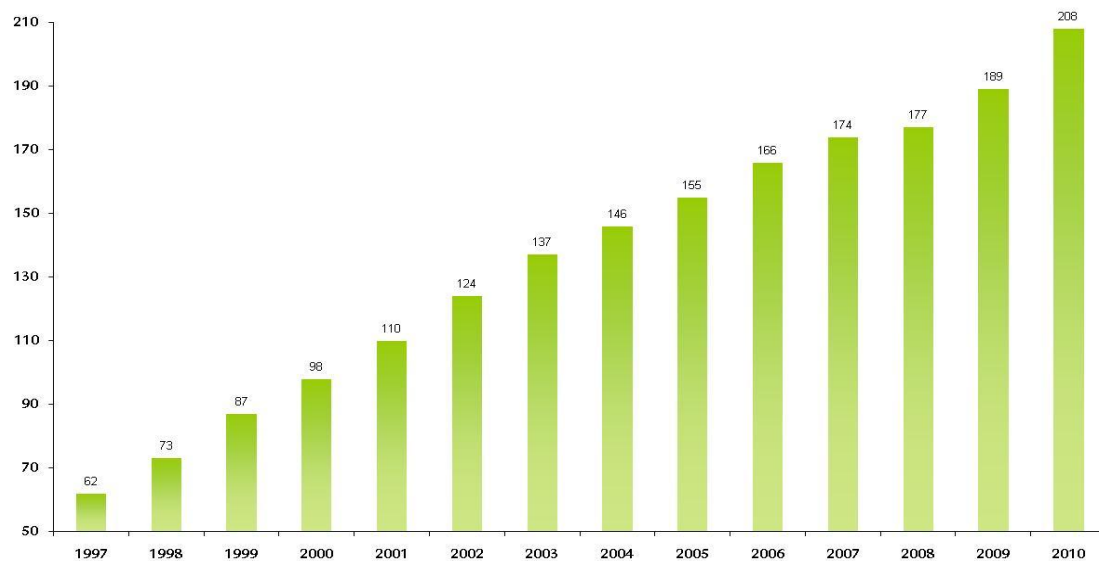
Source: National Institute of Statistics.

b) Agritourism

Unlike rural tourism, agritourism is based on a home with a limited number of beds, located in the countryside and at an agricultural farm, a livestock farm or a forest estate. These types of stays are generally longer and therefore generate greater revenues for the businesses. Moreover, this type of tourism affords guests the option of combining business with pleasure. Agritourism guests usually return for another holiday, and 60% of the time, they make their arrangements without going through intermediary agents.

The Balearic Islands have 208 agritourism establishments, and in 2010, the lodging capacity came to 2,987 beds.

Chart 20. Growth in the number of agritourism establishments in the Balearic Islands



Source: CITTIB: Balearic Islands Centre for Tourism Research and Technologies.

For further information, please visit:

www.islas-baleares.com/agroturismo_hoteles_rurales.htm

c) Business tourism and conventions

The Balearic Islands' proximity to and excellent connections with Europe's main business centres make the archipelago a good business meeting point for multinational corporations. The number of incentive trips, conferences and conventions in the Islands has increased this type of tourism. As a result, the Palma de Mallorca Town Council and the Balearic Islands Government have decided to start development for the construction of the Palma de Mallorca *Palacio de Congresos* (convention centre).

The future convention centre will position the city as a new competitive destination for businesses, with features envisaged to respond to the needs and demands of the specialised conference, convention and incentive trip business sector. The idea is to promote a tourism model that is not limited to the summer season and targets visitors with high purchasing power. This is an important factor of deseasonalisation, and makes it possible to combine business tourism with pleasure, sports, shopping and culture, in its broadest sense.

As regards the fairs and trade shows that are held in the Islands, further information is provided in the *Fairs and Conventions* section. Today the Balearic Islands Convention Centre has a surface area of 7,376 m² in Terminal A at the Palma de Mallorca Airport.

Moreover, the municipality of Calvià has fairgrounds with capacity for 12,000 people and a useful surface area of 16,000 m². This centre was designed to bring together all sorts of trade shows and events that enable the promotion of the local culture, thus broadening the available range of events for both residents and tourists alike.

For further information:

www.firesicongressos.com

www.calvia.com/web/plantilles/jstl/Calvia/servei_Cas.plt?KSERVEI=264&KIDIOMA=2&KNODE=75

d) Health and wellness tourism

This is one of the oldest known types of tourism in the world. The Islands have health and beauty centres with waters rich in minerals, which, combined with the sea, are ideal for recovery treatments, injuries and health conditions. These centres offer techniques and services of all types, including seaweed treatments, seawater therapy, heat therapy, massage, saunas, and more.

Yet it is not only the specialised centres that make the Balearic Islands an ideal destination for health tourism. Rather, the Islands are the perfect place to get away from stress, fatigue and other problems. Indeed, any visitor will benefit from a beach walk or a swim in the archipelago's warm, clean waters, which are full of iodine, sodium and other beneficial minerals for the body.

Links of interest:

www.guiasbalnearios.com

www.balnearios.bz

e) Cycling tourism.

The Islands have more than thirty specialised hotels that accommodate the needs of cycling lovers, with repair shops, special foods and other services. At these establishments, guests will find all the information they need to enjoy the many cycling routes available, maps, charts, routes of interest, weather reports, and more.

These hotels also offer guests medical, massage and physical therapy services, and have a cuisine that is adapted to the needs of athletes, offering special diets that are rich in carbohydrates, fruits and isotonic beverages.

f) Golf tourism

The Islands are a paradise for golf lovers. Each year, thousands of tourists are drawn to our greens, and the residents themselves take advantage of the mild Mediterranean climate to practise this sport all year round. The golf courses in the Islands are characterised by their diverse landscapes, which enable golfers to enjoy one day on the green surrounded by mountains, and the next day at the seaside. Today the island has a total of twenty-five clubs high level, of which twenty-three are in Mallorca, one in Ibiza and one in Menorca.

Links of interest:

www.illesbalears.es

www.mallorcagolfisland.com

g) Nautical tourism and cruises

Nautical tourism, also known as blue tourism, is currently undergoing considerable development, thanks to:

- The excellent climate and landscape;
- Numerous marinas, as 20% of the mooring stations in the Western Mediterranean are located in the Balearic Islands;
- The consolidation of the Balearic Islands as a port for the repair and maintenance of luxury recreation vessels from all around the world;
- The increase in the popularity of nautical sports; In fact, the Balearic Islands are one of the most important yachting centres in the Mediterranean;
- A quality complementary supply;
- High purchasing power of nautical tourists, as the nautical tourist in the Balearic Islands spends an average 136 euros each day;
- The nautical tourist's high degree of satisfaction with the Balearic Islands.

Table 38. Number of ports and moorings in the Balearic Islands in 2010		
Island	Number of ports	Number of moorings
Mallorca	47	14.663
Menorca	10	2.530
Eivissa	9	2.935
Formentera	3	360

Source: CITTIB: Balearic Islands Centre for Tourism Research and Technologies.

The Balearic Islands have 69 marinas and nearly 20,500 moorings. The Autonomous Community of the Balearic Islands (the public company Ports IB) manages the following ports:

DIRECTLY MANAGED PORTS

MALLORCA:

- Colonia de Sant Jordi Port
- Port of Cala Figuera
- Port of Portopetro
- Port of Portocolom
- Port of Porto Cristo
- Port of Cala Bona
- Port of Cala Rajada
- Port of Pollença
- Port of Sóller
- Port of Andratx

MENORCA:

- Ciutadella Port
- Fornells Port

EIVISSA:

- Sant Antoni de Portmany Port

INDIRECTLY MANAGED PORTS

MALLORCA:

- Club Náutico Cala Gamba (yacht club)
- Club Marítimo San Antonio de la Playa (yacht club)
- Club Náutico s'Arenal (yacht club)
- Club Náutico s'Estanyol (yacht club)
- Club Náutico Sa Ràpita (yacht club)
- Real Club Náutico Portopetro (yacht club)
- Marina de Cala d'Or (marina)
- Club Náutico de Portocolom (yacht club)
- Club Náutico de Porto Cristo (yacht club)
- Club Náutico de Cala Rajada (yacht club)
- Club Náutico Colònia de Sant Pere (yacht club)
- Club Náutico Serra Nova (yacht club)
- Club Náutico C'an Picafort (yacht club)
- Puerto Deportivo Bonaire (port)
- Real Club Náutico Port de Pollença (yacht club)
- Marina de Tramuntana (marina)
- Club de Vela Port d'Andratx (yacht club)
- Club Náutico Santa Ponsa (yacht club)
- Puerto Deportivo Port Adriano (marina)
- Club Náutico Portals Vells (yacht club)
- Club Náutico Palmanova (yacht club)
- Puerto Deportivo Punta Portals (marina)
- Escuela Nacional de Vela Calanova (national school of sailing)

MENORCA:

- Club Náutico de Ciutadella (yacht club)
- Club Deportivo Cala'n Bosch (marina)
- Puerto Addaia (port)
- Club Náutico de Fornells (yacht club)

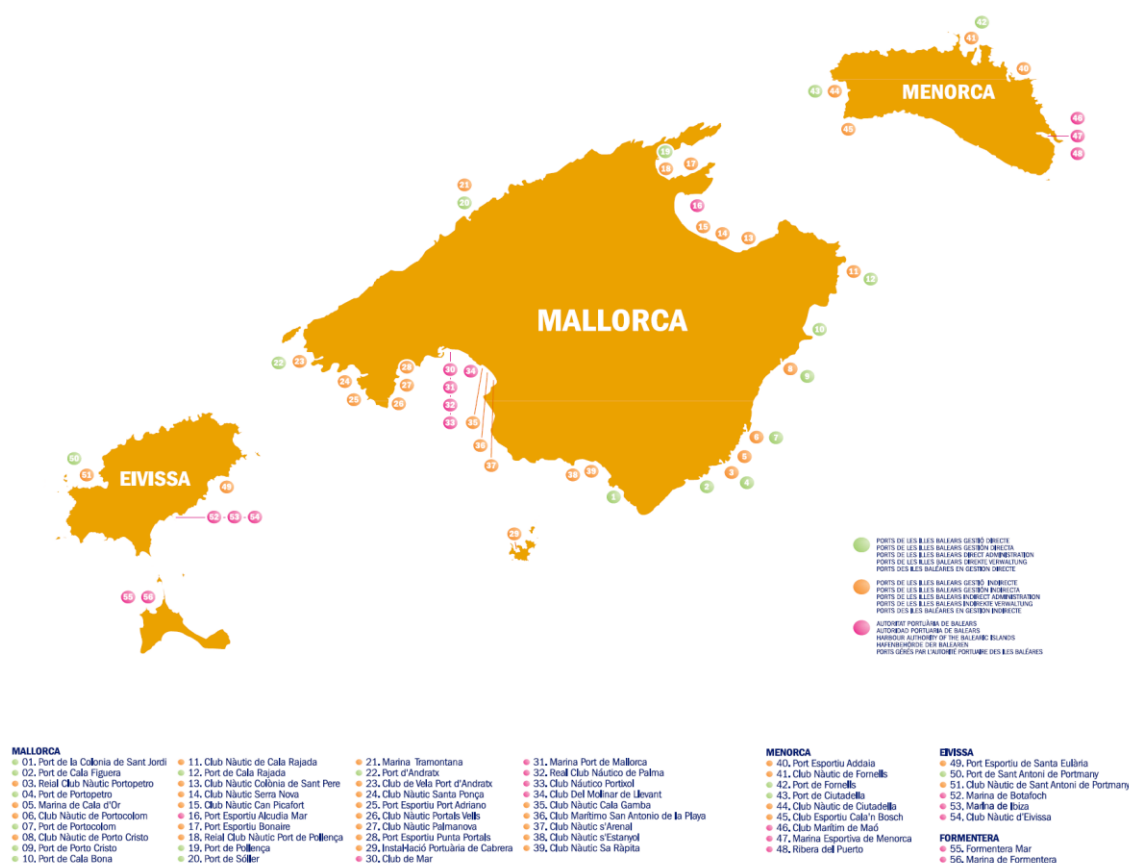
EIVISSA:

- Puerto Deportivo de Santa Eulària (marina)
- Club Náutico de Sant Antoni de Portmany (yacht club)

The primary activities included under the blue tourism concept are as follows:

- The repair and maintenance of sailing charter vessels
- Sailing charters
- The sale and purchase of vessels and port services
- Temporary moorings
- Devices for signalling and control, and nautical electronics

MAP OF PORTS IN THE BALEARIC ISLANDS



For further information, please visit:

Ports IB. A public port management company under the Balearic Ministry of the Environment, which directly manages 13 ports and indirectly manages 28 ports by concession.

Balearic Yacht Club Association

www.acnauticosbalears.comwww.acnauticosbalears.com

Balearic Provincial Association of Companies Engaged in Maritime Activities

www.apeam.com

Balearic Islands Nautical and Sporting Facilities Association (ANADE)

www.anade.info

Balearic Islands Port Authority

www.portsdebalears.es

II.4.7. Innovation and research

The new economic milieu and globalisation have given rise to new demands for international competitiveness, increasing the importance of research, technological development and innovation, both regionally and nationally. Yet beyond the machinery and money, what is truly important is knowledge, creativity, the capacity for innovation and adaptation, and knowing how and wanting to learn. Thus, among other innovations, the development of new sustainable production methods must enable our society to move forwards, adopting an economic growth model that is respectful of our culture and our environment and far removed from the insularity-related limitations often placed on other production sectors. A model that will also endure through time.

The information and communication technologies industry is undergoing a major boom. By strengthening and supporting the technology and innovation sector, we have different tools that are constantly in use. In this area, mention must be made of the Balearic Islands Science, Technology and Innovation Portal (www.accioibit.net).

The Balearic Islands are pioneers in the implementation of technologies applied to public health. At present, the region is a benchmark in both Spain

and Europe for information system projects such as the Citizen Health History and the Electronic Prescription. The government, along with the different research, development and innovation centres in the Balearic Islands, is in constant transformation for the application of technologies in the healthcare sector.

<http://ib-salut.caib.es/receptaelectronica/>

In the tourism innovation field, mention must be made of the **Turistec** cluster, an Innovative Business Group (known by the Spanish acronym, AEI) specialised in information and communication technologies services applied to the tourism sector. Participating in the cluster are over fifty companies that are devoted to the production and implementation of technological solutions for the tourism sector.

www.turistec.org

Not to be forgotten is the Centre for Information and Tourism Documentation (CIDTUR), which belongs to the School of Hotel, Catering and Tourism and has undertaken the mission of guaranteeing the information base for the personalised training and development of staff for the tourism sector, such as professors, students, specialists and particularly their managers. CIDTUR is the result of the integration of several organizations: the Information Centre of the Tourism Studies Centre, the Research and Tourism Documentation Centre and the Library of the Rubén Martínez Villena Technological Institute.

Below is a list of the main centres for research, development and innovation in the Balearic Islands:

BITEL: Balearic Telematic Innovation
www.bitel.es

IBIT Foundation – Balearic Islands Technological Innovation
www.ibit.org

IMEDEA: Mediterranean Institute for Advanced Studies
www.imedea.uib.es

IUNICS: University Institute of Health Science Research
www.iunics.es

IFISC: Institute of Interdisciplinary Physics and Complex Systems
www.ifisc.uib.es

CRE: Centre for Economic Research (UIB-Sa Nostra)
www.cre.uib.es

IAC3: Institute of Applied Computing and Community Code (under the
UIB)
www.iac3.eu

ICE: Institute of Education Sciences
www.ice.uib.cat

Balearic Islands University
www.uib.es/es

Spanish Institute of Oceanography – Balearic Oceanographic Centre
www.ba.ieo.es
www.ieo.es/palma.html

Sóller Botanical Garden Foundation
www.jardibotanicdesoller.org

Institute of Animal Biology
www.caib.es/govern/organigrama/area.do?lang=ca&coduo=756

Molecular Biology, Nutrition and Biotechnology Laboratory
<http://palou.uib.es/>

Botanical Laboratory
www.uib.es/depart/dba/botanica/index.html

Behaviour and Dynamic Systems Laboratory
www.labcsd.info/cat/

Nephrolithiasis Research Laboratory
University Campus
www.uib.es/secc6/laboratori_litiasi/

Physical Activity Sciences Laboratory
www.uib.es/ca/inf sobre/recerca/laboratoris/

International Mediterranean Laboratory for Coexistence

www.uib.es/ca/infosobre/recerca/laboratoris/

Tourism Research and Documentation Laboratory
www.uib.es/ca/infosobre/recerca/laboratoris/

Information Technologies and Multimedia Laboratory
<http://ltim.uib.es/~ltim/index.php>

Laboratory of Human Systematics
www.uib.es/servei/lhs/index.html

Balearic Islands Tourism Technology Research Centre
www.finestraturistica.org

Son Dureta University Hospital Research Unit
www.hsd.es/es/di_unidad_inv.html

Blood and Tissue Bank Foundation of the Balearic Islands
www.fbstib.org/profesional/actividad.es.html

Astronomic Observatory of Mallorca
www.oam.es

Geological and Mining Institute of Spain
www.igme.es

Balearic Meteorological Centre
www.inm.es/wcmt/palm

Balearic Wood Technology Centre
www.cetebal.com

Spanish Institute of Footwear and Related Industries
www.inescop.es

Fashion Jewellery Technology Institute
www.iteb.es

For a list of the research and development centres in the Balearic Islands,
please visit:
www.balearsinnova.net

II.4.8. Financial system

As a group of institutions, resources and markets, the financial system channels savings, generating the movement of resources necessary for the development of real economic activity – such as production and consumption – from those individuals who have more than they need at a given moment, to those who have less than they need. The financial system is therefore an essential element for the development and growth of a region.

In June 2011 there are about a total of 336 credit institutions active in Spain (practically most of them are banks, due to the reorganization process that is still taking place), with a total of 41,497 branches. This makes a total of 1.1 office per 1,000 inhabitants aged 16 years or more, above the national average (0.9). In the second quarter of 2011, deposits of the banking system Balearic exceeded 20,000 million.

Freedom of capital movement

All action, transactions and exchange among residents and non-residents that entail payments or collections with the outside have been completely liberalised. As an administrative formality and a measure to prevent capital laundering, the only requirement is a declaration of movements of bank bills or cheques made to the bearer, which must be filed with the Bank of Spain in the following cases: (a) when the amount entering or leaving the country is greater than 3,000 euros; (b) when the movement is carried out within Spain and the amount is greater than 80,500 euros.

Sociedad de Garantía Recíproca de las Baleares (ISBA, Balearic Reciprocal Guarantee Company)

Through guarantees and refinancing, the Sociedad de Garantía Recíproca de las Baleares (ISBA) makes it easier for small and medium-sized enterprises to access credit. In 2011, the company had 7,727 members (66 patron members), and with 18.5 millions of euros in own resources. ISBA operates as a dynamic instrument of the Balearic economy as a whole. To 31 of December 178 millions of euros in transactions were carried out, 2,017 companies enjoyed the advantages of the ISBA guarantee, and the activity of this organization helped to keep 32,000 jobs. Also, in 2011 ISBA has helped to create 75 new businesses entrepreneurs.

For further information, please visit: www.isbasgr.es

Instituto de Crédito Oficial (ICO, Official Credit Institution)

The Instituto de Crédito Oficial (ICO) is a public business institution that provides medium- and long-term financing for the production investments of companies headquartered in Spain and Spanish companies headquartered abroad.

To carry out all of its activities, the Instituto de Crédito Oficial is funded through resources obtained in financial markets. The Institute is backed by the guarantee of the Spanish State in its debts and the other duties that it incurs to raise funds. This guarantee is explicit, irrevocable, unconditional and direct. The ICO has two established lines of performance:

- a) Through the loans of the banks and savings banks with which it has signed agreements
- b) Directly through the ICO: www.ico.es

Among other instruments, mention must also be made of the credit line for small- and medium-sized enterprises (known as *Línea PYME*), which finances investments in both tangible and intangible assets.

As a channel of support for businesspeople and entrepreneurs, the Regional Ministry of Commerce, Industry and Energy also launches lines of funding. For 2010, the aids offered by the Ministry cited are:

- ✓ Aid for industrial promotion: “Innoempresa 2010” and “Aid to the Industry 2010”.
- ✓ Aid for trade assistance: “Aid for companies in the sectors of trade and services” and “aid for Trade Promotion and improvement of the urban rural trade”.
- ✓ Grants for energy.
- ✓ Funding for small- and medium-sized enterprises with current fund loans.
- ✓ Funding for energy efficiency initiatives and to promote the use of renewable energies

II.5. Agenda

II.5.1 Trade shows and conventions

The Balearic Islands boast the ideal conditions and a magnificent backdrop for conferences and conventions, giving them a competitive edge over other destinations:

- A time-honoured tourism destination for the main European countries, with all the conveniences and niceties that this entails: a support structure, an entire network of companies that offer a wide range of services, covering the entire gamut of visitors' needs. These include companies in the audiovisual and telecommunications sectors, translation services, food services, entertainment and recreation companies, etc.
- Advantageous weather conditions: The spring and autumn are particularly attractive.
- The combination of business activities with other leisure activities in a highly attractive and relaxing setting, which is an advantage over urban destinations.
- A historical and artistic urban wealth and the array of services offered by a city such as Palma, which are highly valued attributes.
- Business leadership in the hotel sector and adaptability.

Indeed, all of the Balearic Islands' attributes, experience, infrastructures and environments make them the ideal hosts of important national and international meetings and conventions, year after year.

Convention Centres

www.illesbalears.es/esp/islasbalears/turismonegocios2.jsp?SEC=TNE&id=00000080&lang=0001

Auditorium de Palma

Auditori d'Alcúdia

Auditorium Sa Mònica

Can Domenge Centro Tecnològic (technology centre)

Pueblo Español

Palau de Congressos

Gran Casino de Mallorca

Centre de Convencions Gran Melià Victoria

Palau de Congressos i Auditorium d'Eivissa i Formentera

Ministry of Economy, Business and Employment Promotion

February 2012

Trade shows in Balearic Islands (2011)

<http://www.caib.es>

Mallorca

EuroBijoux & MIBI. International Fair of Jewellery and Accessories

Manufacturers (19-21 April)

BOOK FAIR (25 May - 3 June)

SHOE SHOW (2-3 June)

HÀBITAT CONSTRUCCIÓ: Building Exhibition (4-7 October)

BALEART: Balearic Islands Handicraft Fair (1-9 December)

Menorca

BOOK FAIR (23 April)

GOURMET FAIR OF THE FEAST OF GRACE (8-9 September)

EUROBIJOUX & ACCESSORIES: International Fair of Fashion Jewellery

FERIAME: Used Car Show (5-7 October)

XIII HABITAT. Construction and interior decoration (16-18 November)

Eivissa

YACHT SHOW (28 April - 1 May)

MOTOR SHOW (5-7 October)