


# Sales Brochure - Commerce

Development of a strategy to support change in the production model of the Autonomous City of Melilla

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01.

# Situation of Spain



# Spain has 17 autonomous regions with diverse geographical and cultural characteristics

## Location of Spain



## Location information

Spain is a country located on the **Iberian Peninsula**, at the southwestern tip of Europe, with a total area of **504,642 km²**; which includes the mainland and adjacent islands as well as the Canary and Balearic archipelagos and the cities of Ceuta and Melilla.

- *Inhabitants: 47,615,033 million*
- *Business environment: 3,366,570 companies*
- *Activity rate: 58.86%*



48 airports



Road network connected to France, Portugal, Andorra, Morocco and Andorra.



46 ports managed by 28 Port Authorities



Advanced Technology Infrastructures

Spain participates actively in the main international forums and organizations such as the **UN**, **NATO**, the **OECD** and the **G-20**. It is also a **member state of the European Union**, the world's leading economic bloc, and remains firmly committed to advancing the integration of the continent.

# Despite the difficulties posed by Covid-19 and the Russia-Ukraine war, Spain maintains a strong and positive growth rate

The evolution of the Spanish economy in recent years has been marked by the Covid-19 pandemic and the war between Russia and Ukraine.

Even in a particularly complex international context, the Spanish economy maintained a strong pace of growth in the first half of last year, driven by:

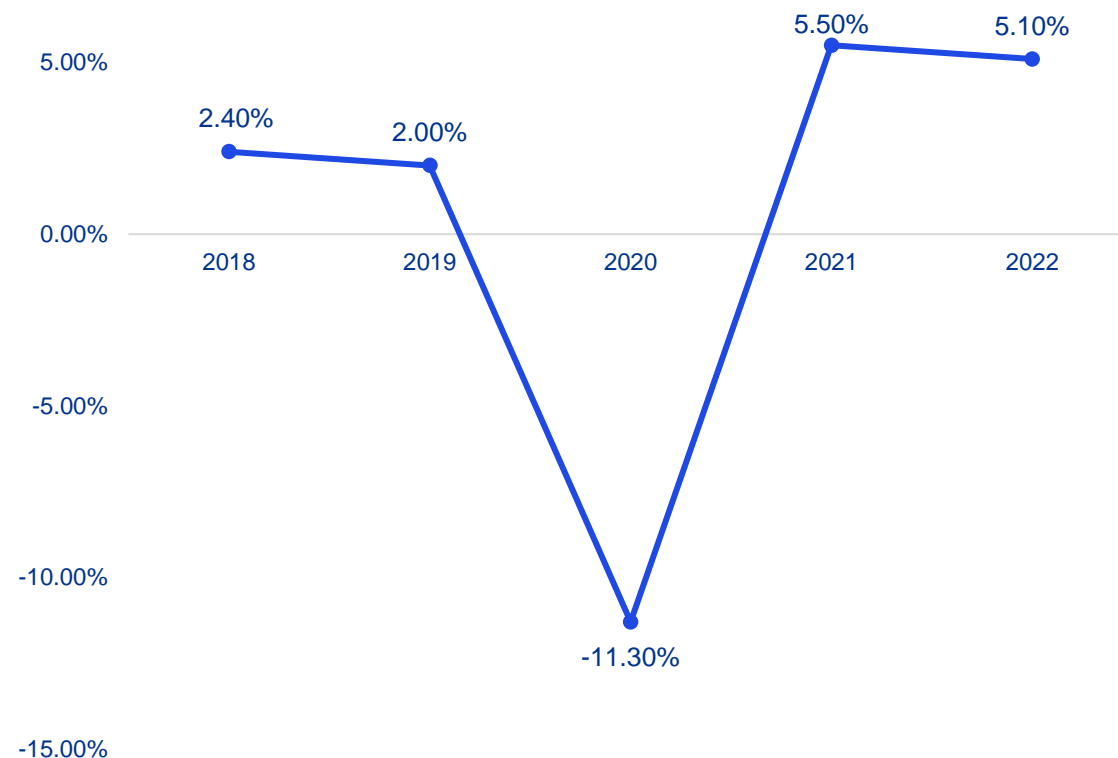
- Job creation
- Investment
- The positive trend in the external sector

The Spanish economy averaged a growth rate of **5.1%** in 2021 as a whole, as a result of the grants and loans provided by the EU and the recovery of economic activity after the confinement.

Spain is now the **15th largest economy in the world in terms of GDP**, reaching a total of **1,206,842 million euros**.



Percentage evolution of Spanish GDP over the years 2018-2022



Source: Ministry of Finance and Public Administration

# Unemployment has been greatly reduced post-pandemic, but inflation remains a serious problem that urgently needs to be alleviated

The labor market evolution is particularly positive, with **records in the number of social security affiliates (20.4 million people) and the lowest number of unemployed since 2009 (3 million).**

The improvement is mainly seen in innovative sectors, such as IT or science, thanks to the specific funds that support them.

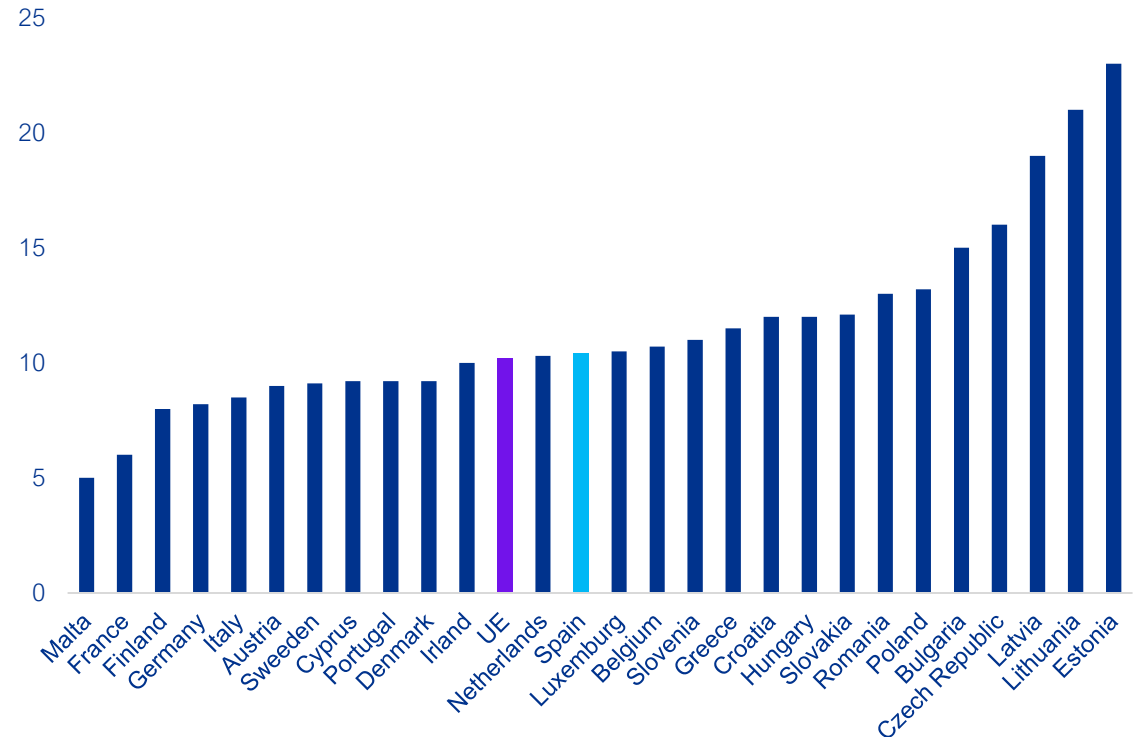
The good evolution of activity and job creation in 2021 allow progress to be made in the **country's fiscal consolidation:**

- **The government deficit/GDP ratio was reduced by 3.3 points.**
- **Public debt was reduced by 1.5 points.**

Thus, as in other countries, the **main challenge** facing the Spanish economy is **inflation**, driven by rising energy costs.

Spain is in the median of the EU in terms of price rises in the last year.

EU general harmonised CPI



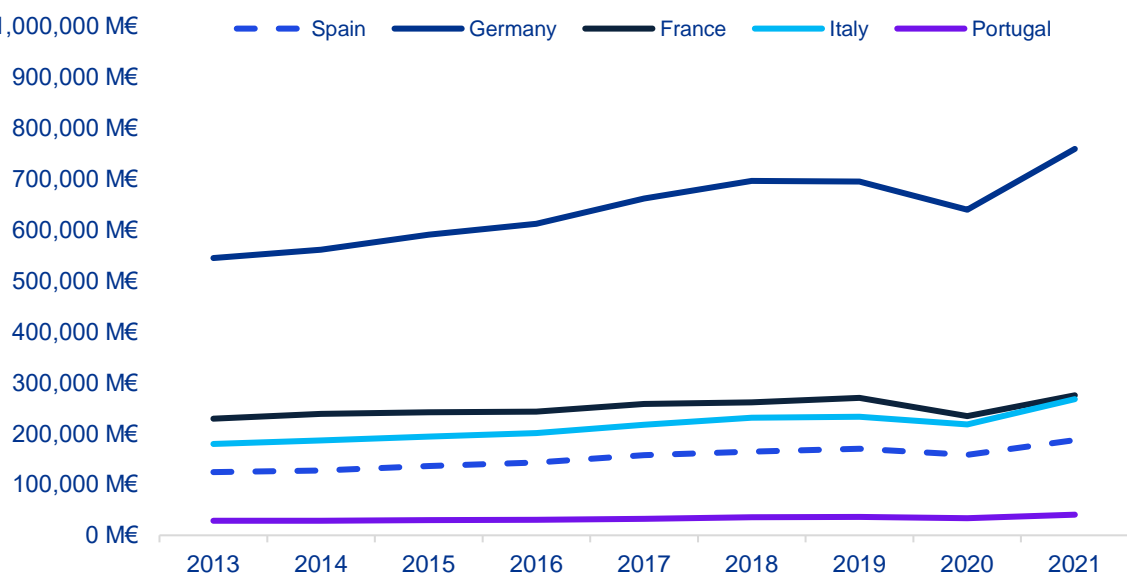
Source: Ministry of Finance and Public Administration

# Although Germany is above the rest of the EU countries, Spanish import and export levels are at similar levels to the rest of the European economies

IMPORTS

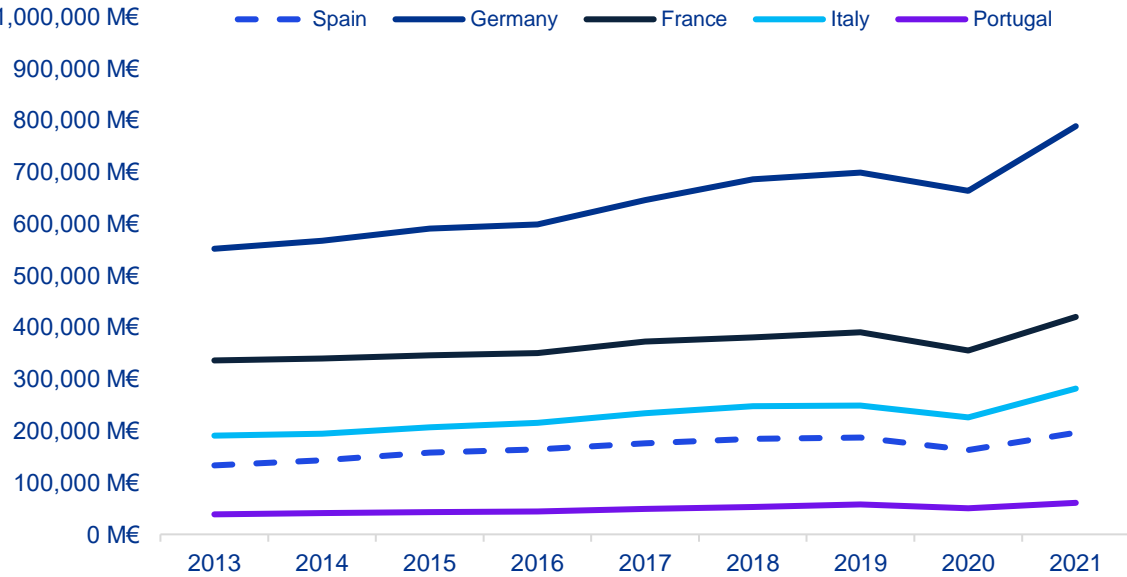
EXPORTS

Main European Countries Imports



Source: European Commission: EU trade statistics (excluding UK)

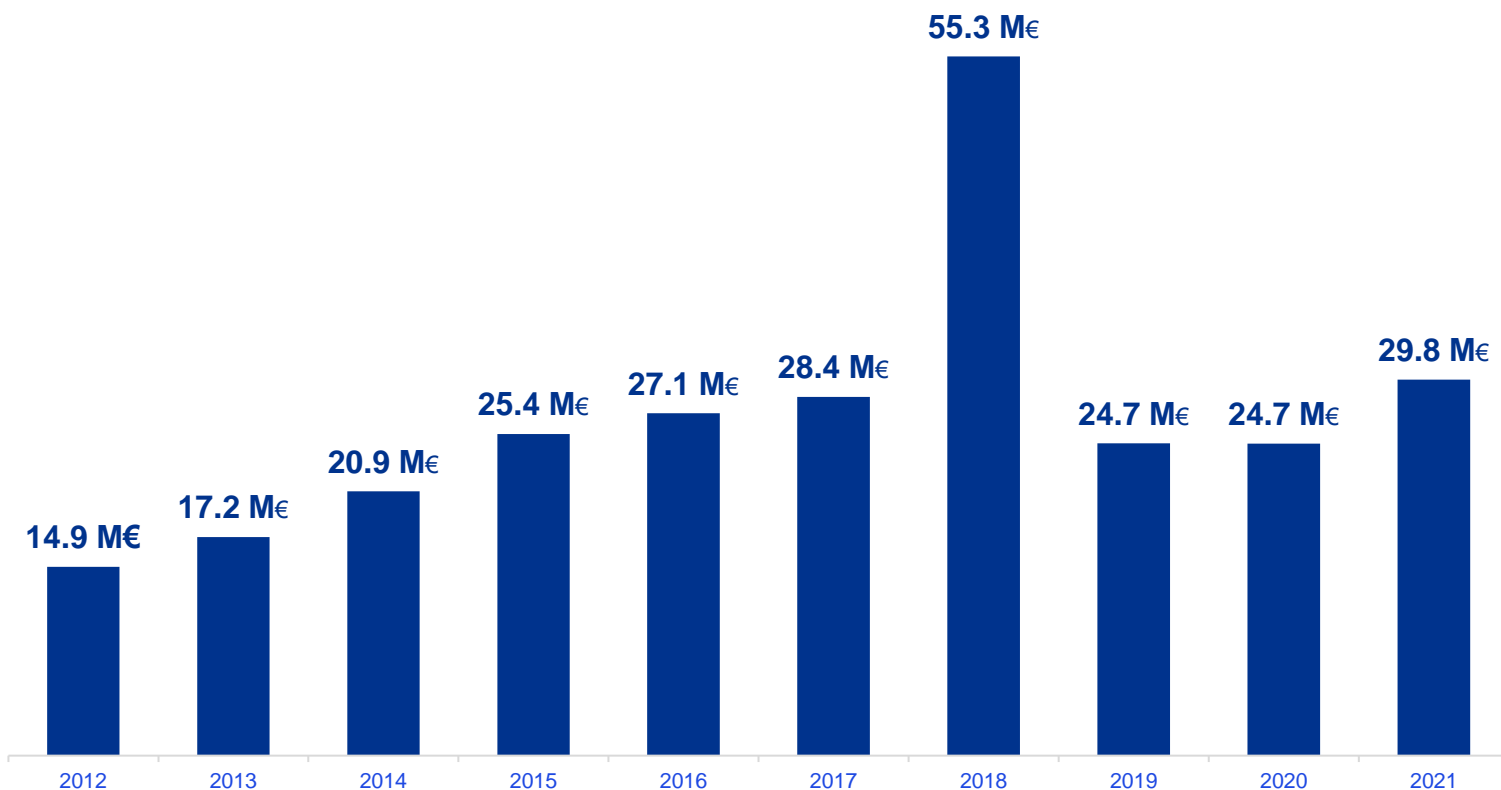
Main European Countries Exports



Source: European Commission: EU trade statistics (excluding UK)

# Spain is the 11th economy in the world and the 5th in the EU in terms of attracting foreign investment for commerce

## Levels of foreign investment in the Spanish trade sector



Source: ICEX

Spain is the 18th largest exporting economy in the world, and ranks **eleventh in the world and fifth in Europe** as the largest recipient of business investment.

In order to improve Spain's international competitiveness, the **government** has adopted a **series of measures** to facilitate Spanish companies' access to financing for **282 million euros**:

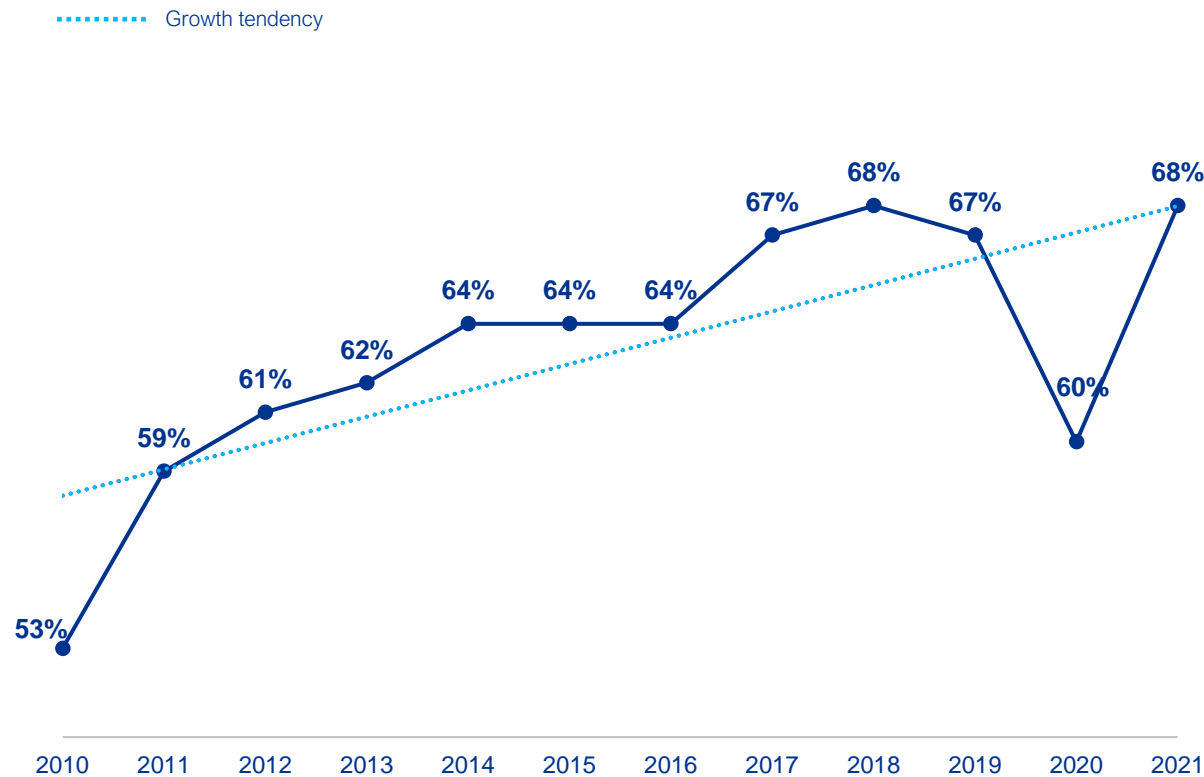
- Overseas Investment Fund (**FIEX**)
- Funds for SME Overseas Investment Operations (**FONPYME**)
- Fund for the Internationalisation of Enterprise (**FIEM**)

These measures aim to improve Spain's export position worldwide.



# In Spain, the trade sector represents a very high percentage of GDP and it is also the sector with the highest number of employees

## Evolution of the percentage of GDP represented by foreign trade



Source: World Bank (Commerce, % Spanish GDP)

In **Spain**, **foreign trade**, as in the rest of the developed economies, is **more important than domestic trade**. It accounts for **68% of GDP** and, following the trend of the last 10 years, expectations are for continued growth.

Spain's trade **balance** is **negative (although it is shrinking annually)**, mainly due to imports of fossil fuels and high value-added goods; but **trade in services is generally positive**.

**Domestic trade**, on the other hand, accounts for 12.3% of GDP, and involves more than **750,000 companies** and **3 million jobs**, of which a very high percentage (more than 70%) are permanent contracts. The total impact of the sector goes even further, reaching **more than 30% of GVA indirectly**.

Comparatively, the **weight of domestic trade in Spain is greater than the EU average**, which reaches 11%. This is partly due to the greater **importance of retail trade in Spain**, which considerably exceeds that of the rest of the territories (almost 45%).

02.

# General Information about Melilla

# Melilla is a Spanish autonomous city located in African territory and bathed by the Mediterranean Sea

## Location of Melilla



## Location information

Melilla is one of Spain's two autonomous cities located in African territory, both of which border exclusively on Morocco.

- *Inhabitants: 84,689*
- *Business environment: 5,304 business*
- *Activity rate: 63.8%*



Melilla Airport



Road network connected with Morocco



Port of Melilla, a transnational complex



Advanced Technology Infrastructures

The **strategic location** of the city and the infrastructure facilitate the **connection** with different points of the peninsula and surrounding areas and, in turn, enable the storage of goods traded on a large scale.

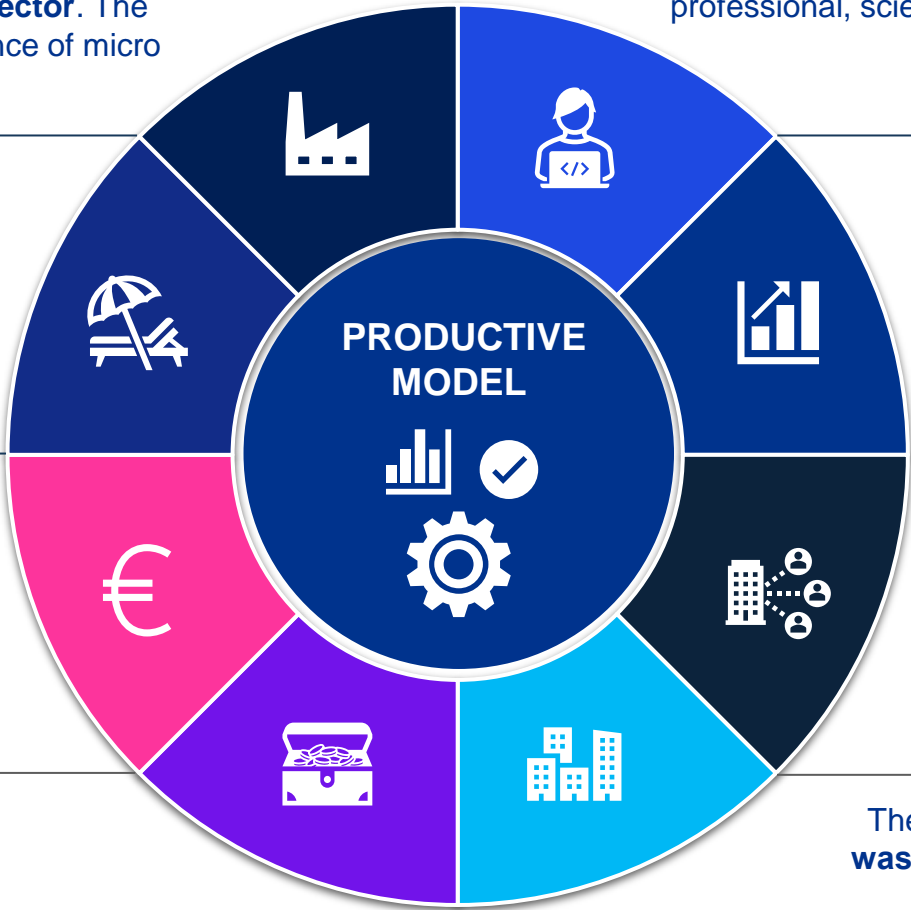
# The productive model of Melilla is characterized by the following issues

The business environment is made up of **5,304 companies**, **41% of which are engaged in the commercial sector**. The business fabric is characterized by the high presence of micro enterprises.

**Tourism is an opportunity sector for Melilla's economic recovery** and, nowadays, its seasonality is less marked than in other peninsular destinations (although more marked than in Ceuta).

**Melilla generated 1,509 million euros of GDP in 2020.**

**Melilla's GDP per capita in 2020 was €17,900**



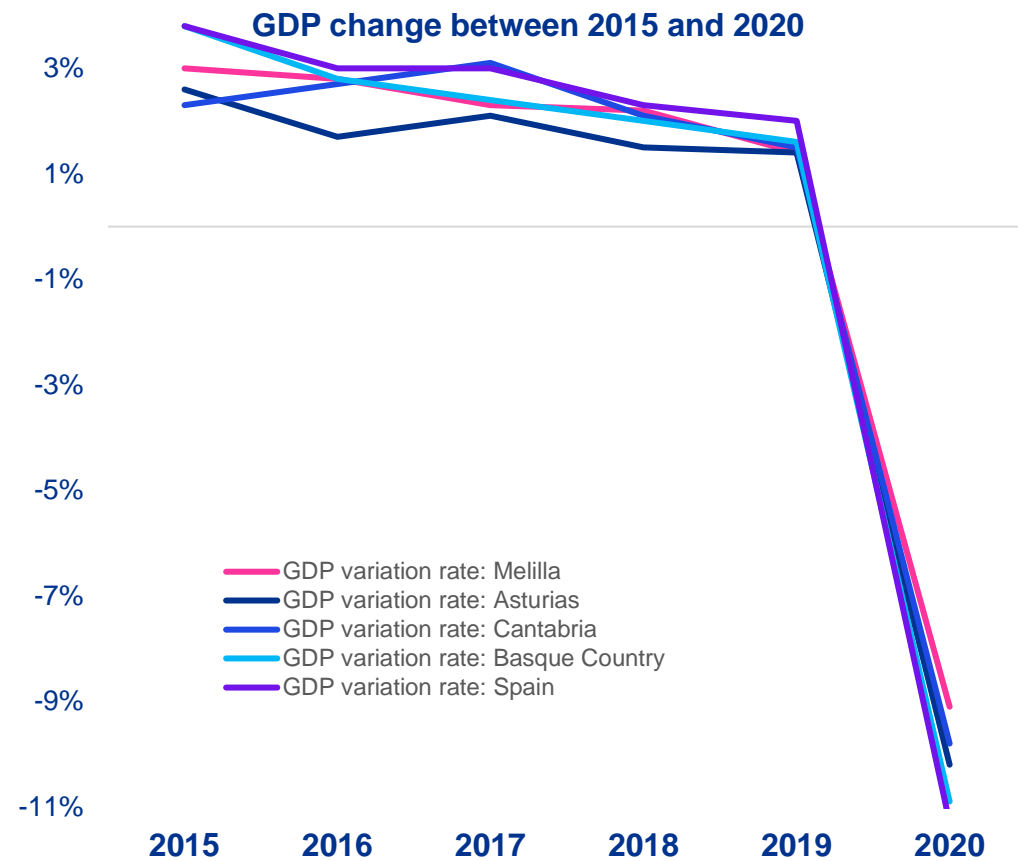
**Real estate activities have high productivity** compared to professional, scientific and technical activities; administrative activities and auxiliary services.

Investment in the commerce sector **has been growing for several years**, which is an incentive and generates hope of maintaining this trend in the future. Commerce could thus appear as **one of the main drivers** of the investment received by the city.

**The work productivity has increased** since 2008 and now stands at **9.8%**.

**The average income per household in Melilla in 2020 was € 39,868**, which represents a 0.3% increase over the previous year. This value is higher than the average Spanish income, which stands at €30,552..

# The crisis caused by Covid-19 led to a decline in the city's GDP after several years of continuous growth.



During 2020, the Autonomous City of Melilla generated a **Gross Domestic Product of 1,509M€**, which represents a decrease compared to the previous year and the **end of a streak of 7 consecutive years of growth**.

2020 was marked by the **Covid-19 economic crisis that hit hardy the local economy**, returning to GDP levels of 2016.

One of the main reasons for this decline was the **city's production model**. Based on traditional trade, **it failed to adapt** to the new trends of digital commerce, thus eroding the income of local businesses.

However, **this GDP regression was not a local problem**, but affected all Spanish regions equally, as well as other countries in the European Union and in a more international context.

**The GDP variation rate in Melilla in 2020 stood at -9.1%**, which is a lower decrease than Spain (-11.3%) and also **lower than other autonomous communities in the same year, such as Asturias, the Basque Country or Cantabria**, all three of which were around -10%.



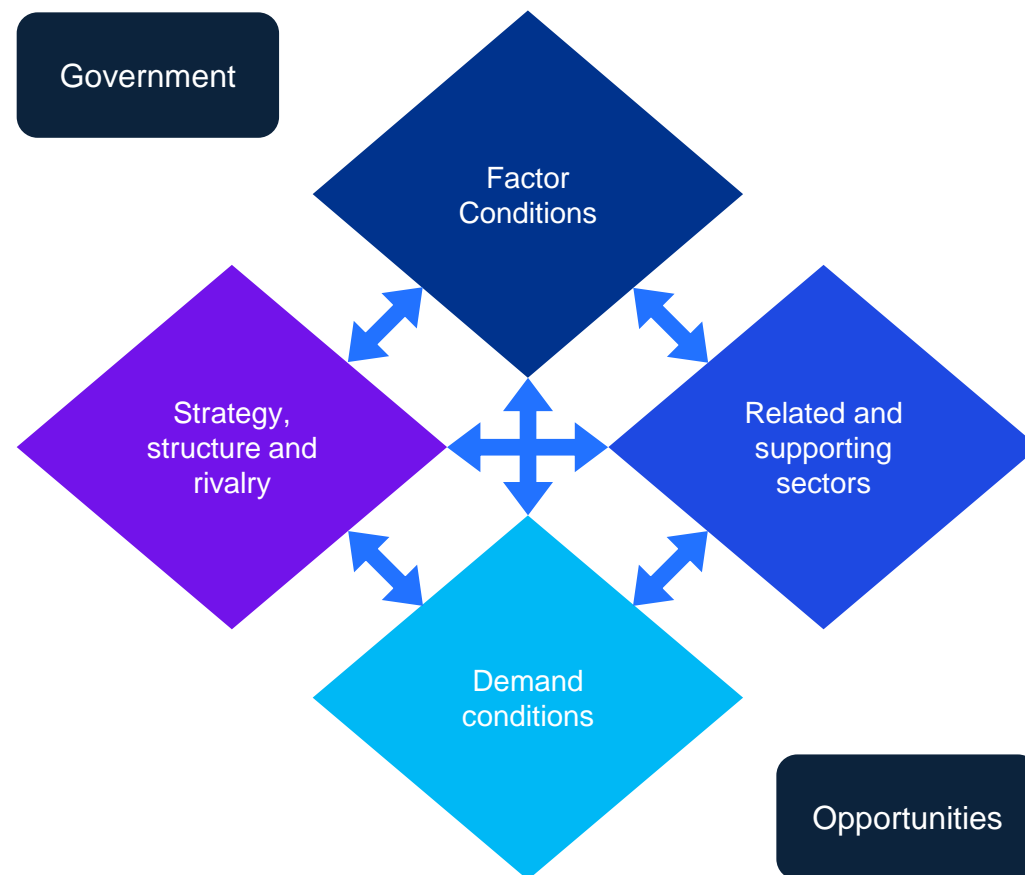
03.

# Advantages of Melilla

# Melilla has a number of advantages that make it a unique territory and a great opportunity for the location of companies

The advantages of Melilla are detailed below:

- **Factor conditions.** All of Melilla's productive resources are included:
  - ❖ Infrastructure and land.
  - ❖ Workforce.
  - ❖ Natural resources.
- **Related and supportive sectors.** Presence of suppliers and various local companies, as well as other support agencies.
- **Demand conditions.** Local demand situation, market value and end-customers for the sector as well as national and global situation.
- **Strategy, Structure and Rivalry.** Melilla has worked in recent years on the development of a new productive model in which trade continues to be the basis of the local economy.
- **Other factors.** The role of public administration in supporting companies to improve their performance is key in Melilla, as public entities have a solid structure and support new incorporations to the sector.



# In the Autonomous City of Melilla there are important tax reliefs and exemptions

Melilla's geographical location justifies the existence of a **special tax regime**, the most important aspects of which are as follows:



## Direct Taxation

- **50% reduction in corporation tax**
- **60% reduction in Personal Income Tax.**
- **50% reduction for companies that transport goods to or from Melilla**, whose costs are included in freight and associated expenses, costs of handling the goods in ports or airports as well as their taxes, security taxes and surcharge for fuel when applicable. It is necessary that the goods originate in Melilla (completely originating in Melilla, transformed in the city or the transformation process ends in Melilla).
- **Reduction of 50% in Probate and Donation Tax, increasing the reduction percentage to 99%** when the beneficiaries are the spouse, ascendants or descendants. This will be the case for both mortis causa acquisitions (inheritances) and inter vivos acquisitions (donations).
- **Reduction of 50% on Inheritance Tax and Legal Documented Acts.**
- **Reduction of 75% on Wealth Tax.**



# Any person (physically or legislatively) residing in Melilla can benefit from its tax advantages



Since 1 September, according to Final Provision thirteen, RD 1/2023 limits the 50% bonification in Social Security contributions to a **reduction of 232 euros of the corresponding contribution**, as long as they are workers with an indefinite contract and training actions are carried out.

## Direct taxation:

**Value Added Tax is not applied in Melilla.** Instead, the Tax on Production, Services and Imports (IPSI) is applied with rates between 0.5% and 10%. Some of the services taxed at 0.5% are:

- **Advertising and marketing services**
- **services provided by electronic means**
- **Ancillary and complementary management services for the performance of gambling activities** that constitute the taxable events of taxes on gambling and random combinations
- **50% reduction in municipal taxes.**
- **Special taxes:** only the Special Tax on Certain Means of Transport and, within the manufacturing taxes, the Special Tax on Electricity, are compulsory. But there is a complementary IPSI on tobacco products and on fuel and combustibles.

**Exemption from Excise Taxes on Alcohol, Tobacco Products and Hydrocarbons**

# More than 10% of Melilla's urban area can be used for commercial purposes, most of which is concentrated in the SEPES Industrial Estate

Melilla is an **eminently urban territory** that has developed around its defensive structures and its port, in order to form a dense city with a clear residential vocation. **The lack of space** makes the available land a **strategic resource for the development of the Autonomous City**.

Melilla's commercial space is made up of a total of **410 commercial premises, covering 18.8 hectares**. **The majority of these premises correspond to general retail**, specialized retail or administrative, financial and similar services.

**74% of the commercial premises are active** (about 303 premises), of which **about 30 establishments are for sale and/or rent**. **The condition of the commercial premises is mostly good**, with around 370 establishments.

In addition, Melilla has the SEPES Industrial Estate, whose warehouses are usually used **for storing products** for the commercial sector, which implies a **greater availability of space for companies in the sector**.

Melilla's urban land by use

Typology	Constructions (nº)	Area (m²)	Area (%)
Residential	8,618	4,055,890	70.79%
Agricultural	2	1,414	0.02%
Industrial	615	507,745	8.86%
Offices	24	32,315	0.56%
<b>Trade</b>	<b>213</b>	<b>188,067</b>	<b>3.28%</b>
Public Services	206	943,284	16.46%
Undeveloped Land	24	931	0.03%
Total	9,702	5,729,646	100%



# Melilla has infrastructures prepared for the shipment of goods



## Roads

In the Autonomous City of Melilla, the road network serves two main needs: to articulate the **urban environment** of the area and to **favour external communications with Morocco**. The roads are classified as follows: the ML-300 ring road, inside roads and those running parallel to the coast.



**20,000**  
**people**  
*daily*



**5,000**  
**vehicles**  
*daily*

Commercially, it favours both the **internal development** of the territory's small and medium-sized businesses, as well as their **potential expansion and collaboration with North African territories**, including **Morocco**, due to its proximity.



## Airport

Melilla airport is located **3 km southwest of the autonomous city**. Its air communications make it a **potential base of operations** both for those seeking the commercial advantages of the African market and for local companies wishing to export products.



**332,400**  
**passengers**  
*2021*



**10,000**  
**tons**  
*2021*

The opportunity presented by Melilla having its own airport is that it greatly facilitates the export capacity of local commercial businesses. In addition, Melilla thus becomes a **nerve centre for negotiating trade relations with North African countries**.



## Port

The port of Melilla is a **strategic infrastructure** of great importance for trade, tourism and the economy in general. It has a **maritime traffic flow that represents 10% worldwide**; its expansion could contribute to improving the city's competitiveness.



**218,795 m² of**  
**Surface area**  
*commercial terminal*



**250,000 m² of**  
**Surface area**  
*expansion project*

This is Melilla's infrastructure with the **greatest economic potential**, as it could turn Melilla into one of the **transnational maritime trade hubs for Africa, Europe and the rest of the Mediterranean**. The existence of a port also facilitates the export of products.

# The city has the necessary supplies for the proper development of the city's businesses

Melilla's electricity system is able to supply the entire city.

The **Autonomous City's energy demands** are covered entirely by its **own generation**. Melilla's main energy infrastructure is a **diesel engine power plant** located in the vicinity of the port. This plant **generates about 95% of the energy consumed in Melilla**. The remaining 5% comes mainly from the **energy recovery of waste** in the incinerator of the Autonomous City.



Hydraulic infrastructures have been developed with a **dual objective**. On the one hand, **to alleviate the scarcity of endogenous resources**, and on the other, **to improve the quality of water**. At present, **the supply of drinking water comes from surface catchments, underground catchments and desalination plants**. The **desalination infrastructure consists of one desalination plant and two desalinization plants**.

The water system provides sufficient water quality for the entire city.

Melilla has the specialized infrastructure for the treatment of each type of waste.

The city has a **Solid Urban Waste Landfill** for urban waste, a **Temporary Waste Storage Centre** for waste fractions that can only be treated on the mainland, an **Energy Valorization Incineration Plant** for sludge from the WWTP and an **Incineration Ash Vitrification Plan** for the treatment of ashes generated in gas purification..



# The Autonomous City of Melilla has an advanced technology-based infrastructure and a strong commitment to ICTs



*In March 2015, the **ICT Technology Centre** was inaugurated as a driving force to support initiatives in the field of information and telecommunications technologies. The Technology Centre has a classroom, laboratories and spaces dedicated to the promotion of technology.*

## Technology advantages in the city

From a strategic perspective, Melilla has developed **infrastructures to promote the technological development** of the city:

- Since 2014, Melilla has been connected to the mainland via a **second optic fibre submarine cable**. This basic and strategic infrastructure has improved the quality and reliability of communications.
- Melilla has deployed an optic fibre network to the home and/or businesses (FTTH) throughout its urban core, as well, **the mobile broadband network has also been improved throughout the city**.
- There is also a **corporate fibre network** that interconnects the different departments of the Autonomous City.

**Sustainability and digitalization are the main global trends that Melilla could exploit to improve its positioning. Virtual tourism, driven by new technologies, is along the same lines.**

# Over the years, Melilla has strongly supported education as a necessary driver of the city's economy

## University of the Autonomous City of Melilla

Melilla has a campus of the **University of Granada (UGR)**, with **3 faculties** (Social Sciences, Education and Sport Sciences and Health Sciences) and a **center of the National University of Distance Education (UNED)**.



Facultad de  
Ciencias Sociales  
y Jurídicas  
de Melilla



FACULTAD DE  
CIENCIAS DE LA  
SALUD DE MELILLA



FACULTAD DE  
CIENCIAS DE LA  
EDUCACIÓN Y DEL  
DEPORTE DE  
MELILLA

The University is perceived as an opportunity for the city, beyond the educational field, since it means the arrival of a population from the peninsula with better qualifications and economic capacity.

## Educational offer



The city of Melilla seeks to become a **University City** as it has more than **2,500 students** and intends to **continue expanding the university campus**, specializing as well in degrees in the **ICT sector**.



The city of Melilla offers **internship programs** to its students with **local and peninsular entities**.



**Free enrolment up to €1,000** in numerous **specialities**, and different scholarships for the following years of study, subject to fulfilling requirements.



Currently, Melilla has **training courses** for the **unemployed**, **training programs** for workers and employers, a **hotel school**, a **university** and **postgraduate studies**.



**Melilla Orienta**, Melilla's **first training and employment portal**.



# The Faculty of Social and Legal Sciences responds to Melilla's job market

## Training of Melilla students in the sector

The **Faculty of Social Sciences and Law** offers different opportunities for its students and for the city of Melilla, thanks to:

- Incorporation and expansion of studying plans
- Holding of conferences
- Annual planning of various courses for students and refresher courses for alumni

Because of all these activities, this university center has become the **cultural reference point for the city's economic and financial sphere**.

This Faculty offers a **Bachelor's Degree in Business Administration and Management** and a **Master's Degree in Business Administration and Human Resource Management in International Environments**. These studies are essential to provide scientific and professional training in basic and applied aspects of business economics, business organization and management.

These university courses allow students to understand the different **market and commercial strategies and the importance of companies in the country's economy**, together with a vision of Melilla's companies. In addition, this faculty enables international and national mobility and external internships so that its students acquire the necessary skills for their introduction into the world of work:



In addition to Spain, it offers destinations such as Italy, France, Germany, Portugal, Belgium and Denmark..

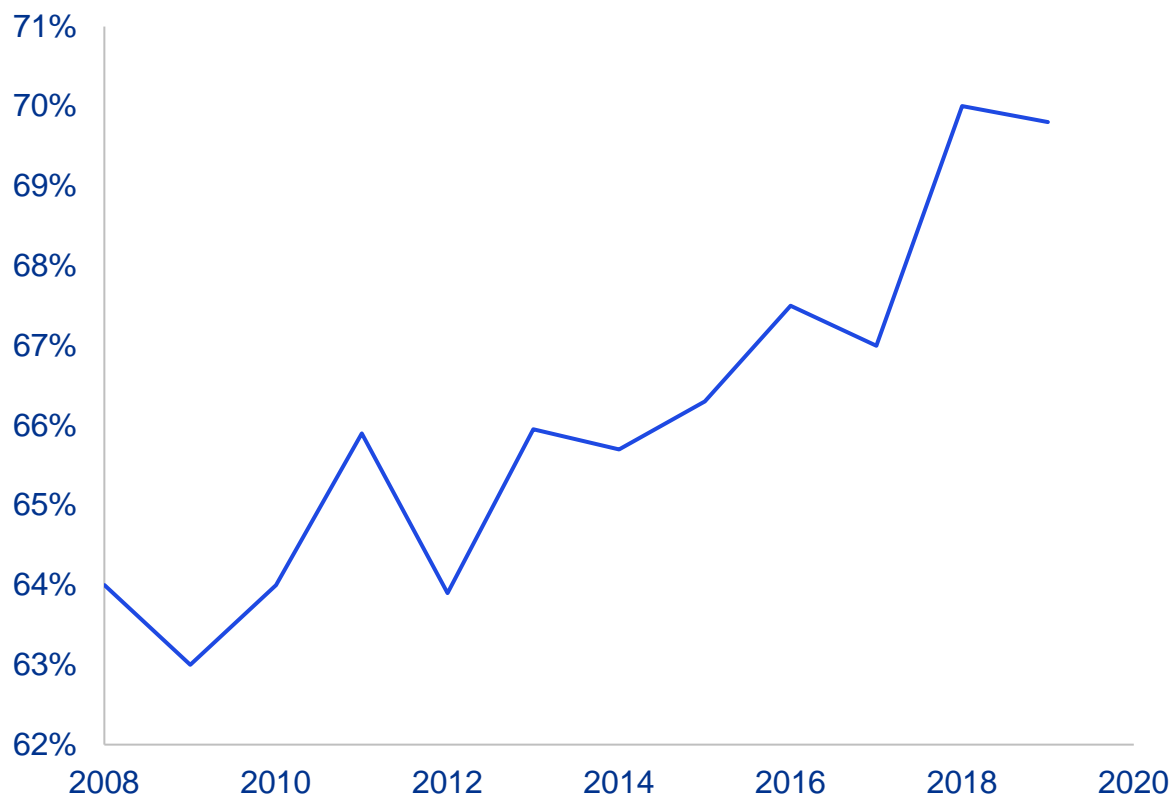


It includes agreements with international universities such as Mexico, Cuba and Venezuela.



# In the Autonomous City of Melilla there is a wide availability of human resources, approximately 40,000 people

Evolution of the percentage of the active population in Melilla



In 2021, the city had approximately **40,000 people in the labor force**, 21,500 men and 18,700 women, a contingent consisting mainly of **people aged 35 to 44 and 45 to 54**. The active population increased by more than **10,000 people between 2008 and 2021** (around 30% more), which represents a very significant increase in the available labor force.

Melilla has the **lowest average salary in Spain**, which translates into the **lowest average labor cost** in the country for companies in the territory. It has an **average salary of 18,510 euros**, more than 3,400 euros behind the next community (Cantabria) and **more than 6,000 euros behind the national average**.

However, this **does not have a direct impact on the quality of life of citizens**, as the **tax benefits** enjoyed by workers in the city allow the net difference with the rest of the country to be smaller. The **development of more technical sectors** can be expected to bring about a general increase in the short and medium term.

In conclusion, **Melilla offers a sufficient labor force**, with **competitive salaries** that allow for the **attraction of trained human capital and a certain margin of maneuver for employers**.

# The commerce sector value chain is the most complete in the territory, with companies covering all the links in the industry



## Provision of cross-cutting services to the trade sector

They refer specifically to services necessary for the transport of goods, mainly energy, and infrastructure, including all those related to the port, airport and roads.



## Other organizations in the value chain environment

City Council of Melilla	PYMEs Melilla	Educational establishments
Confederation of business people of Melilla	Melilla Port	

# In Melilla there are different organizations belonging to the commerce sector whose main function is to offer support to companies

Digital management agency companies have grown and are beginning to play a key role in the evolution and improvement of commerce. **More and more small and medium-sized businesses are requesting this service in order to position themselves in the market.** Considering the amount of SMEs that are not digitized, it can be **considered a market with a lot of potential.**



Since 1979, the Confederation of Entrepreneurs of Melilla (CEME) has brought together the Associations and Federations of Entrepreneurs of Melilla, promoting business activity.

It offers **full advice services to associated entrepreneurs**, defending business interests in general.



This is a new employers' association of small and medium-sized enterprises set up to **defend, represent and promote both business and economic interests.**

Its objective is to contribute to the development of the Autonomous City, participating in the socio-economic development of the territory through its initiatives and contributions.

# The trade sector in Melilla is the main economic driving force in the region for many years



**Existence of a thriving local demand.** Trade is already the city's main economic sector and, despite the fact that a large part of it is due to relations with Morocco, **Melilla has sufficient demand capacity to justify continuing to support this sector as a fundamental pillar of Melilla's economy.**

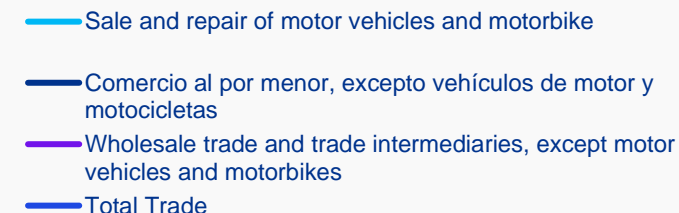
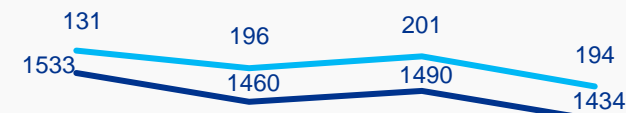


**Existence of business fabric.** Melilla has more than **2,000 companies** engaged in this activity, accounting for more than 40% of the total number of companies in Melilla. The graph shows the evolution of the number of companies in the commerce sector in recent years. The **existence of a strong and consolidated business environment** should provide security for future investors and serve as an **incentive for the arrival of new competitors.**



**Availability of qualified suppliers and channels.** The city has an **extensive network of suppliers of different sales items for retail outlets.** In addition, there is also an **organizational structure through the internet** and the appropriate distribution channels (port and airport) to further develop the retail sector.

Evolution of the number of companies in Melilla by year



Source: DIRCE

# Melilla's geostrategic location gives it access to the European and African markets



**Market access.** Trade is more limited in terms of access to markets due to not belonging to the EU customs regime, although due to its geostrategic location, Melilla's businessmen are familiar with the Moroccan environment and have the possibility of taking advantage of **new business opportunities** caused by the potential demand from Morocco.



**Operating costs.** It is worth highlighting the **large amount of commercial land available at a competitive price in Melilla**, together with its privileged tariff regime that includes exemption from VAT, customs duties and other Community duties on the entry of products and the application of quotas, which is a great attraction for commercial business.



**R&D&i intensity.** The development and research of new technologies is also a commitment for the **commerce sector, as technology-based platforms and tools benefit the sector.** The city is committed to the **digitalization of businesses**, which will boost their business and open them up to new international markets.

**221 mil €**

**in exports until August 2022**

In August 2022, Melilla's main exports were poultry meat (44.9 thousand €), unglazed ceramics (33.8 thousand €), video screens (31.1 thousand €), clays (20.3 thousand €), and plastic wash basins (18.6 thousand €).

**1.92 M €**

**in imports until August 2022**

In August 2022 Melilla's main imports were video screens (714 thousand €), rubber footwear (281 thousand €), cars (235 thousand €), aluminium cladding (111 thousand €) and tea (46.2 thousand €).

*Source: Own elaboration based on The Observatory of Economic Complexity. Imports and exports of Melilla in August 2022*



# The technological development of the commerce sector is fundamental to complete the digital transition of the city of Melilla

Melilla aims to become the **technology hub** of North Africa, for which it has already carried out the construction of a technology center and the generalization of technology-based procedures for the creation of companies. **The technological development of trade**, which is its main sector of activity and one of the sectors with the greatest potential for growth, is **essential** to complete its digitization process. To this end, the "**Melilla Smart Specialization Strategy**" includes a series of objectives related to the smart growth of this sector.

## Completing the basis for innovation in commerce.

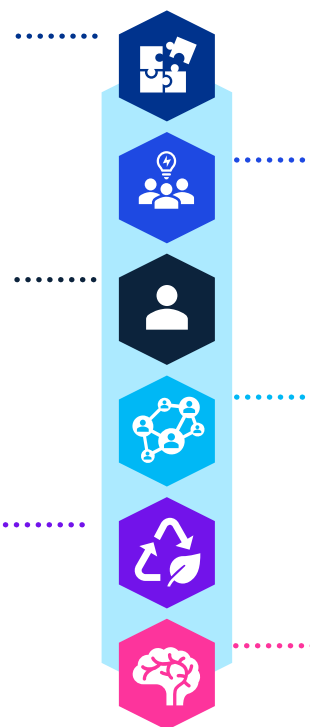
Including postgraduate and vocational training of specialists and promotion of entrepreneurship in trade-specific areas.

## Identify the client in the environment

Through the inclusion of potential Moroccan customers; this will consist in establishing stronger commercial relationships, which will serve the objective of creating synergies with other sectors (such as tourism).

## Sustainability in the environment

With regard to trade, focusing on the responsible use of available resources.



## Encourage innovation in SMEs in the sector.

With the establishment of financial support or the promotion of cooperative relationships with institutions and other trade centers.

## Improve the visibility of the city as a business platform.

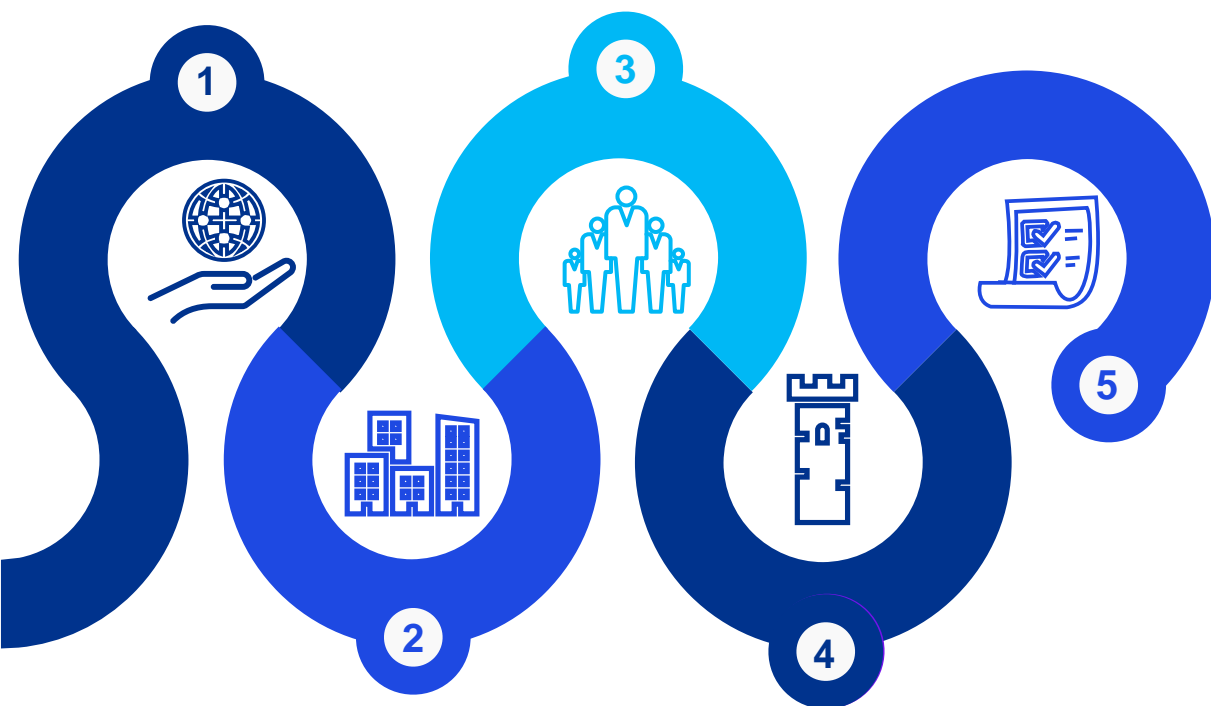
Through the creation of support and financing mechanisms, business clusters and cooperation centers and trade-specific market studies.

## Melilla as a model smart city

With the ultimate aim of improving the operation of trading companies through the internet of things.

# The trade sector must be revitalized to ensure its short- and long-term development and competitiveness

**Institutional and private action and collaboration** should make it possible to develop a plan to **revitalize the trade sector** in the territory, which will contribute to **improving** the current **economic situation** in the city, bearing in mind the enormous importance of this sector in the Autonomous City. Therefore, the main objective of the Plan for the Promotion and Competitiveness of Commerce is to **consolidate and develop** urban commerce in the city, with special emphasis on the **historical-commercial area**.



- 1 Position Melilla as a **city of services**
- 2 Promoting the **city centre as a reference area** with the planned positioning
- 3 **Increase operability and public-private collaboration** by relaunching the Melilla Trade Council.
- 4 **Canalizing investment and entrepreneurship** in the Urban Centre of Melilla
- 5 **Improve the image and positioning of Melilla** under the city marketing parameters

# Aid from the European Union should provide an important boost to Melilla's trade

## European Funds

The main purposes covered by the aid, in terms of areas that may have some degree of trade-related relevance, are:

- Adjusting to climate change and changes in the production and energy structure to turn it into a green economy.
- Europe's innovative and intelligent transformation
- The digitization of Europe
- The integrated and sustainable development of urban, rural, coastal and natural areas, hand in hand with local initiatives.

The European Funds will be the most important source of financing to achieve the specific objectives of the Melilla Strategic Plan 2029 and, therefore, the objectives directly related to the trade sector of the autonomous city.

This is so, firstly, because of their **amount**; but also because of the **purposes** for which they are to be used, **which are particularly well suited to Melilla's current needs**.



83.1 Bn €

723.8 Bn €

806.9 Bn €

- Recovery and Resilience funds
- Contribution funds to other programmes

# Funding to the trade sector from Melilla can also contribute greatly to the growth and improvement of the sector.

## Main grants for trade in Melilla

There are no specific funds aimed at contributing to the growth of the commerce sector, but there are initiatives of all kinds within the **Strategic Plan for the Dynamization of Commerce**, which consists of carrying out activities on a regular basis to encourage consumption and support new proposals.

However, there are numerous general grants for job creation, which ultimately also provide an **important boost for commerce**, the most important sector in the city, among which the funds of the public entity **Promesa** stand out.



Investment with employment creation		Investment for employment promotion		Microenterprise investment		Investing in companies to improve their quality systems		Investment in the Melilla Economic Promotion Zone (EPZ)	
Type	Limit	Type	Limit	Type	Limit	Type	Limit	Type	Limit
45,000 euros per employee	45% investment	7,000 euros per employee	-	Per investment in SMEs	40% investment /30,000 euros	Quality Systems Improvement	40% investment / 40,000 euros	Minimum 900,000 euros	35% investment

04.

# Sectorial opportunities



# Melilla's traditional trade digitalization should be one of the priorities to boost the sector

Although the commerce sector is Melilla's most mature industry and the basis of its productive model in recent years, there are different sectorial opportunities that can be taken advantage of by new companies that decide to set up in Melilla.

## Online commerce

- Taking advantage of the territory's **extensive optic fibre network** and the connectivity it provides.
- The greater speed of online transactions allows for a **greater pace of buying and selling goods**.
- Melilla has **commercial land** available for the location of companies that benefit from a **more favourable tax regime** and carry out their online activity from there.
- The trade **online management** would facilitate the storage of data in **cloud** systems and the **optimization** of consumer and supply profiles.
- **Online commerce has no border limitations**, so demand would be multiplied.
- Melilla has a **port and airport for the international shipment of products**.

## Internal customer development

- The current state of relations with Morocco encourages the development of an internal clientele that can meet the demands of the bordering country.
- Melilla has a population capable of satisfying, through its demand, the supply of Melilla businesses.
- Given how **complex** it can sometimes be to **trade abroad** given the high degree of competition (along with other factors), companies focusing on Melilla's **local clients** would be highly **beneficial**.
- Offering services and products that are closely tailored to the needs of the population ultimately **encourages** others to **settle** in the city.

## Trade in high-end products

- Melilla should take advantage of the **competitive advantages** offered by its **tax system**, which imposes low tax rates.
- The situation of the **indirect tax** in Melilla (**IPSI, very low**) stands out, which is an important **incentive** for the purchase of goods and services in the territory.
- In this way, Melilla could specialize in the **marketing of high-value products**, since the higher the tax base, the **greater the "savings" that the customer receives for buying in Melilla**.
- Thanks to the **existence of a port and airport in the city**, a door is opened to the export of these products, with the incentive of **competing with better prices than other territories**.



# Thank you



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