

# **INNOVATION IN THE MANAGEMENT OF INDUSTRIAL SITES: THE MANAGEMENT AND MODERNISATION ENTITIES (EGM) OF THE VALENCIAN REGION**

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Industrial sites are fundamental pillars of the local and regional economy, not only because of their contribution to employment and wealth creation, but also because of the revenue they generate for local authorities in the form of taxes. However, for industrial sites to remain competitive and attract business, they need to be properly maintained and provided with modern, high quality services.

Many industrial areas have significant deficiencies in basic infrastructure such as signage, drainage, paving and lighting, as well as problems with street furniture, access and mobility. Business organisations also denounce the inadequate services provided in these areas.

## **The Management and Modernisation Entities (EGM) of the Valencian Region**

In this context, in 2018, Law 14/2018 was passed in the Valencian Region, introducing the figure of the Management and Modernisation Entities (EGMs). The EGMs are created with the aim of regenerating and modernising the region's industrial estates, thereby improving their competitiveness. These entities represent an innovative management solution, as they are made up of the owners of the properties within the industrial estate, who are obliged to contribute to the expenses of the entity according to their participation coefficient.

According to Law 14/2018, "the EGMs fulfil a public function, as their objective is in the public interest. The compulsory contribution is necessary, as without it it would be impossible to fulfil the public interest pursued, and it is balanced, as more benefits or advantages are obtained for the general interest".

EGMs allow for active cooperation with municipalities to manage basic services such as maintenance, cleaning and security more efficiently. They can also take on the management of additional infrastructure and services that improve the quality of the industrial estate, always in parallel with the municipal services. By centralising management in a professional entity, an improvement in the quality of services is achieved, which has a direct impact on the competitiveness of the companies located there.

## **Classification of the industrial areas of the Valencian Region**

In addition to the introduction of the EGMs, Law 14/2018 also establishes a classification of the region's industrial areas. These are divided into three categories according to their equipment and the services they provide:

1. Basic Industrial Site
2. Consolidated Industrial Site
3. Advanced Industrial Site

Law 14/2028 obliges the Generalitat and local councils to give priority to investments in classified

industrial areas, whether they are investments in infrastructure, energy, waste and water treatment, telecommunications or any other type.

## Advantages of advanced industrial zones

The creation of an EGM is an essential requirement for an industrial area to be classified as advanced. These industrial areas benefit from numerous advantages, including exclusive access to calls for aid from the Generalitat, tax benefits in the modalities of property transfer tax, priority in the external promotion of industrial land carried out by the Generalitat and subordinated agencies, etc.

There are currently 6 advanced industrial zones in the Valencian Region:

- Las Atalayas in Alicante
- Cotes Baixes in Alcoy
- Cotes in Algemesí
- Parque Industrial Juan Carlos I in Almussafes
- Fuente del Jarro in Paterna
- València Parc Tecnològic in Paterna

The experience of the Valencian Region as a pioneer in the implementation of EGMs serves as a replicable model in other European and international regions. The regulation of these entities has proven to be effective in modernising industrial areas, guaranteeing a better quality of services and promoting the competitiveness of companies.

