



MIT SCALE RESEARCH REPORT

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This reprint is intended to communicate research results of innovative supply chain research completed by faculty, researchers, and students of the Global SCALE Network, thereby contributing to the greater public knowledge about supply chains.

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PLAZA: A Logistics Park Case Study
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PLAZA: A Logistics Park Case Study

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EXECUTIVE SUMMARY

PLAZA, the Logistics Platform of Zaragoza, Spain is the biggest logistic park in Europe. It is a 10-year project started in 2000, which is now half way through completion. There is not much literature on logistic parks so far because it is a very recent concept. Usually logistic activities would flourish around strategic area without any pre-planning. Due to congestion of those areas, governments are now trying to locate logistics in more decentralized areas and are trying to build services in order to attract customers.

The case of PLAZA can serve as an example for future development, helping to assess the viability of newer projects in the same field. In the literature, there are a lot of examples of automotive or technological parks; however there are no previous case studies on a pure logistic park.

PLAZA has being build in order to create more jobs in Aragon, which is a region of Spain where population is constantly decreasing. It aims to attract and retain the current young population, especially high skilled labor and Foreign Direct Investment (FDI) in Spain and increase investment in Research and Development in a country bent on becoming one of the most prosperous in Europe. This venture is an attempt to reverse the common stereotype which shows southern European countries as the least developed in the European Community.

The strategy of PLAZA focuses on three pillars:

- **Geostrategic area:** Opening new routes through Europe will mean making sure that most of the goods will pass through Pyrenees via Zaragoza. Exploiting its strategic position, Zaragoza will become the new heart of Spain.
- **Intermodality:** The agility of moving containers from trains to truck, the possibility of the speed of cargo planes and the option of being a dry port directly connected to the major sea ports in Spain make Zaragoza a hub for all modes of transportation.
- **Competitive price of land:** The land sold in PLAZA is 1/3 the price of those in more congested areas like Madrid and Barcelona.

In the past five years, much has been done to reach the initial objective, to become one of the most important logistic centers of Europe; everything is on schedule and demand seems high.

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As we look at the companies currently settling down in PLAZA, most of them are local ones which just relocated due to inexpensive land and the expectation of benefiting from modern services. They are mainly small national companies which conduct most of their activities in the vicinity of Zaragoza. These companies are not the initial target of PLAZA as they would not add any value to the park nor they would assure a sustainable competitive advantage. They might give PLAZA the possibility of easily recouping the initial investment, but they would not attract FDI nor contribute to promoting Zaragoza as an important logistic European hub.

International companies are still skeptical of settling down in PLAZA. They still do not see the benefit of committing to a place where none of the services offered is already up and running. Despite capacity, the airport still has very small cargo activity. Railways are being built, but not a single train which stops at PLAZA, therefore opportunities of connecting with ports are still to be exploited. Intermodality is still at the planning stage and the direct connection to Europe through the Pyrenees is perceived as a long-term project. The most optimistic view of the opening of a tunnel through the Pyrenees is 10 years away, due to the steep investment required by both Spain and France.

The pillars of PLAZA cannot be built without the necessary infrastructure. It is not yet a strong strategic area and is unable to implement intermodality; the only advantage is the low cost of land. However, cheaper land by itself is not a very attractive option for multinational companies; this will not draw them to the park.

The success of the project is still at stake. Managers, backed by the government, still have to work hard to build up strong credibility and make sure that the necessary infrastructure is put in place so that PLAZA becomes the greatest logistic park in Europe.