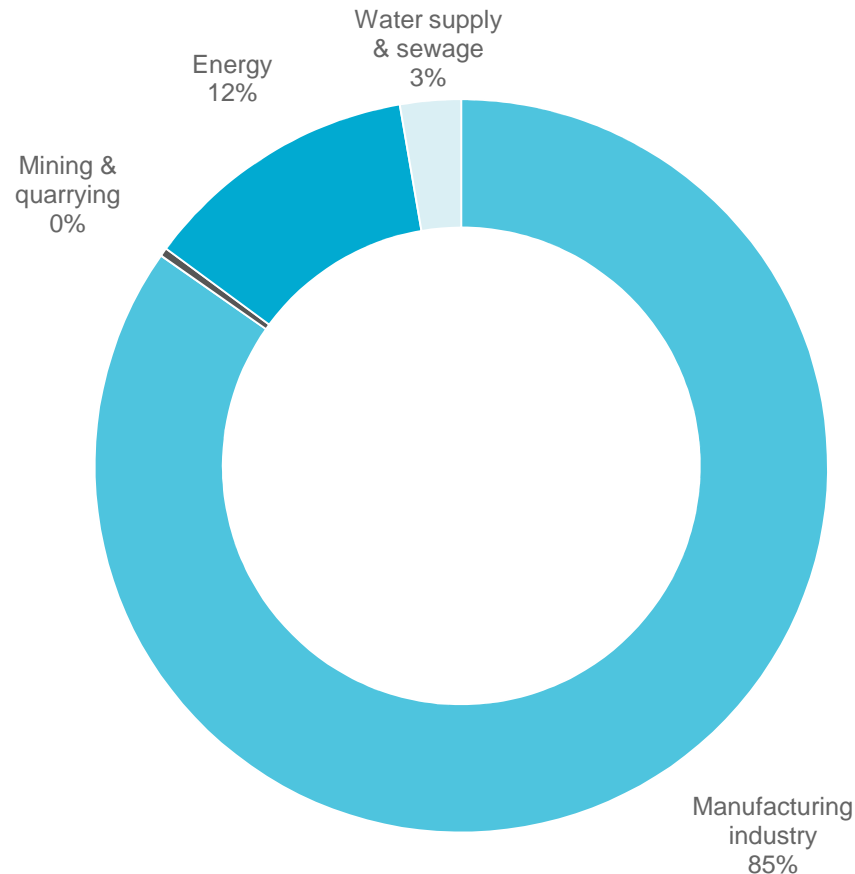


Drivers to Basque industry competitiveness

20th November 2014

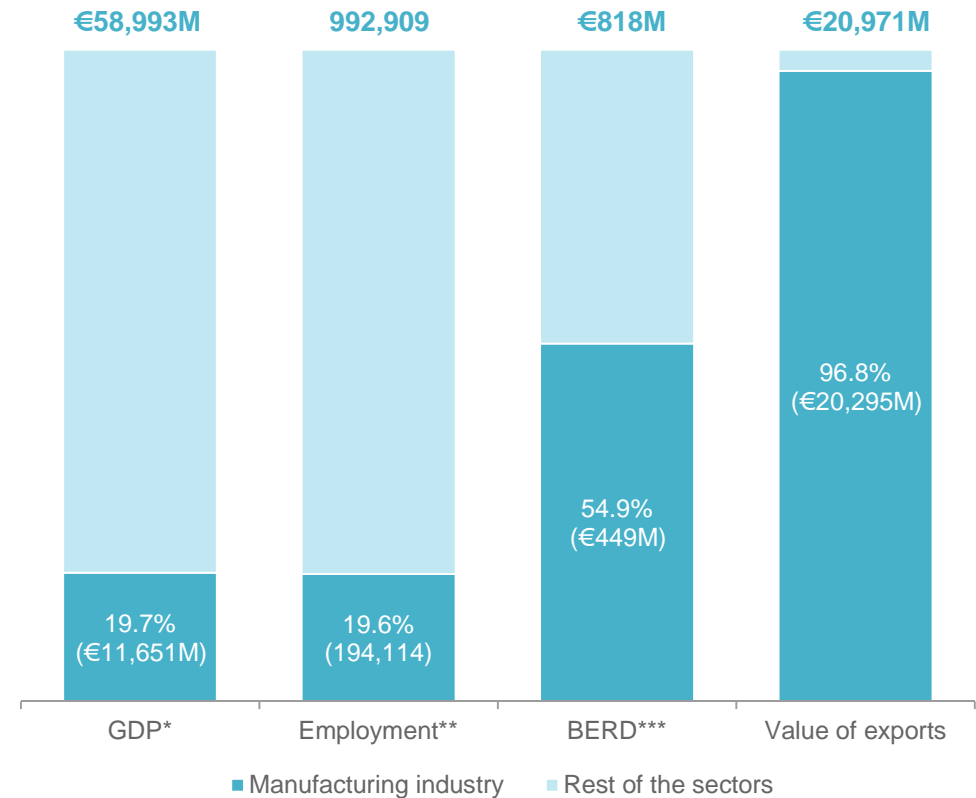
Industry-based economy in which manufacturing is the core activity: 85% of industrial GVA, 20% of GDP and employment

Industrial GVA by sector distribution (% , 2012)*



(*) GVA at basic prices and current Euros
Source: Eustat – Basque Statistics Institute

Facts & figures of the Basque manufacturing industry (Millions of current Euros, No., %, 2012)



(*) GDP at basic prices and current Euros

(**) Number of employees

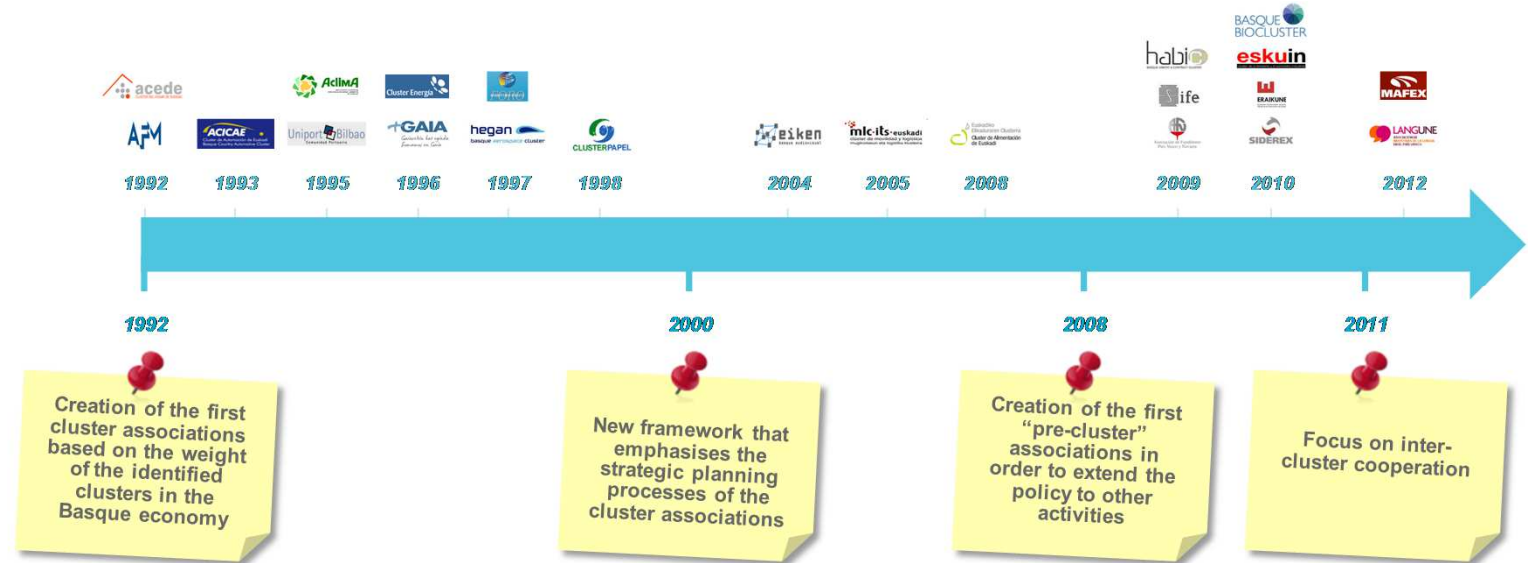
(***) Business expenditure on R&D

Source: Eustat – Basque Statistics Institute

Stable Cluster policy since 1990

Basque Cluster Policy's timeline

- The existing policy supports 11 priority cluster associations
- It also supports 11 'pre-cluster' initiatives designed to foster the development of cluster associations in new sectors, each of which has now been supported for around 4 years



- Following a **mapping of industrial sectors**, instruments were created to support the development of new associations and strengthen the existing ones

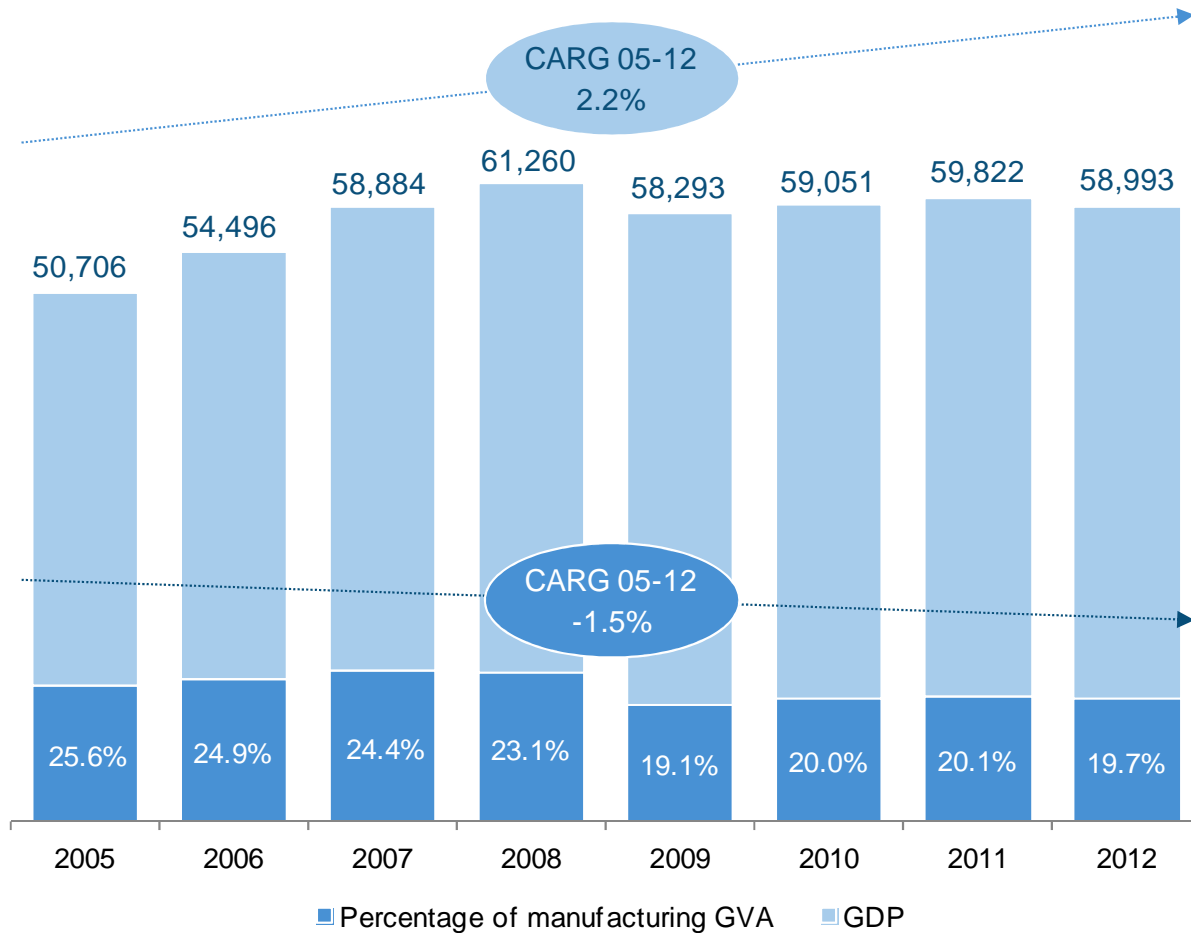
- New framework with **more emphasis on the strategic planning process of the cluster associations** in order to better align cluster logic and regional priorities

- There was a move to extend the policy to other activities, beginning a 'pre-cluster policy' to **identify and develop new clusters**

The success of this policy, as part of a broader economic strategy, can be seen in the GDP growth experienced over the last thirty years, which places the Basque Country in the top 5 of European regions today in GDP per capita

2014: moment of reflection and change to align Basque industry with a strategy of re-industrialization...

Evolution of manufacturing's share of Basque GDP (Millions of current Euros, %, 2005-2012)*

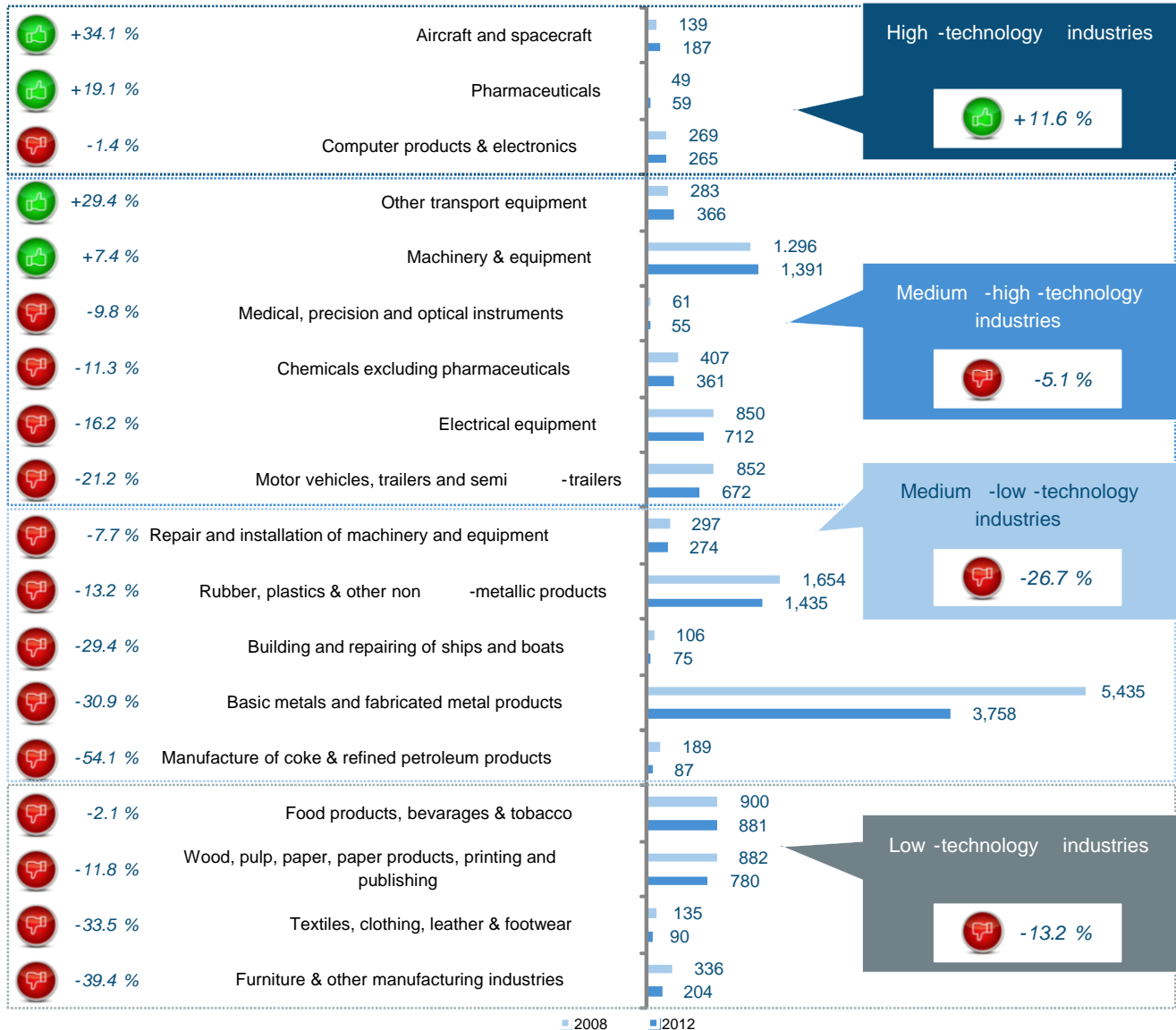


6% less of manufacturing share in GDP

(*) GDP at basic prices and current Euros
Source: Eustat – Basque Statistics Institute

... through the upgrading and focusing on the higher added value activities

Manufacturing sectors' GVA* evolution by technology intensity** (% , 2008-2012)



Highest-technology industries increased their GVA an 11%

(*) GVA at basic prices and current Euros
 (**) OECD, Rev. 3 (July 7th, 2011)
 Source: Eustat – Basque Statistics Institute

Current context for managing the transformation of our economy

Some of the main changes in the Basque public policy

1

Designing the Basque Country's RIS3

Three priority areas selected (our best response to the re-industrialization objective)

3

Re-vamping the Basque Scientific, Technological and Innovation Network

With specific goals for each agent typology and a stronger commitment to transfer

2

Re-shaping the cluster policy

Aligning it with an emergent RIS3 strategy and responding to the specific challenge of industrial upgrading through cooperation

4

Re-balancing of R&D tools

With a greater emphasis in the support of higher TRLs (time to market reduction)

It answers to a more overall transformation stage where the industrial upgrading is our main concern

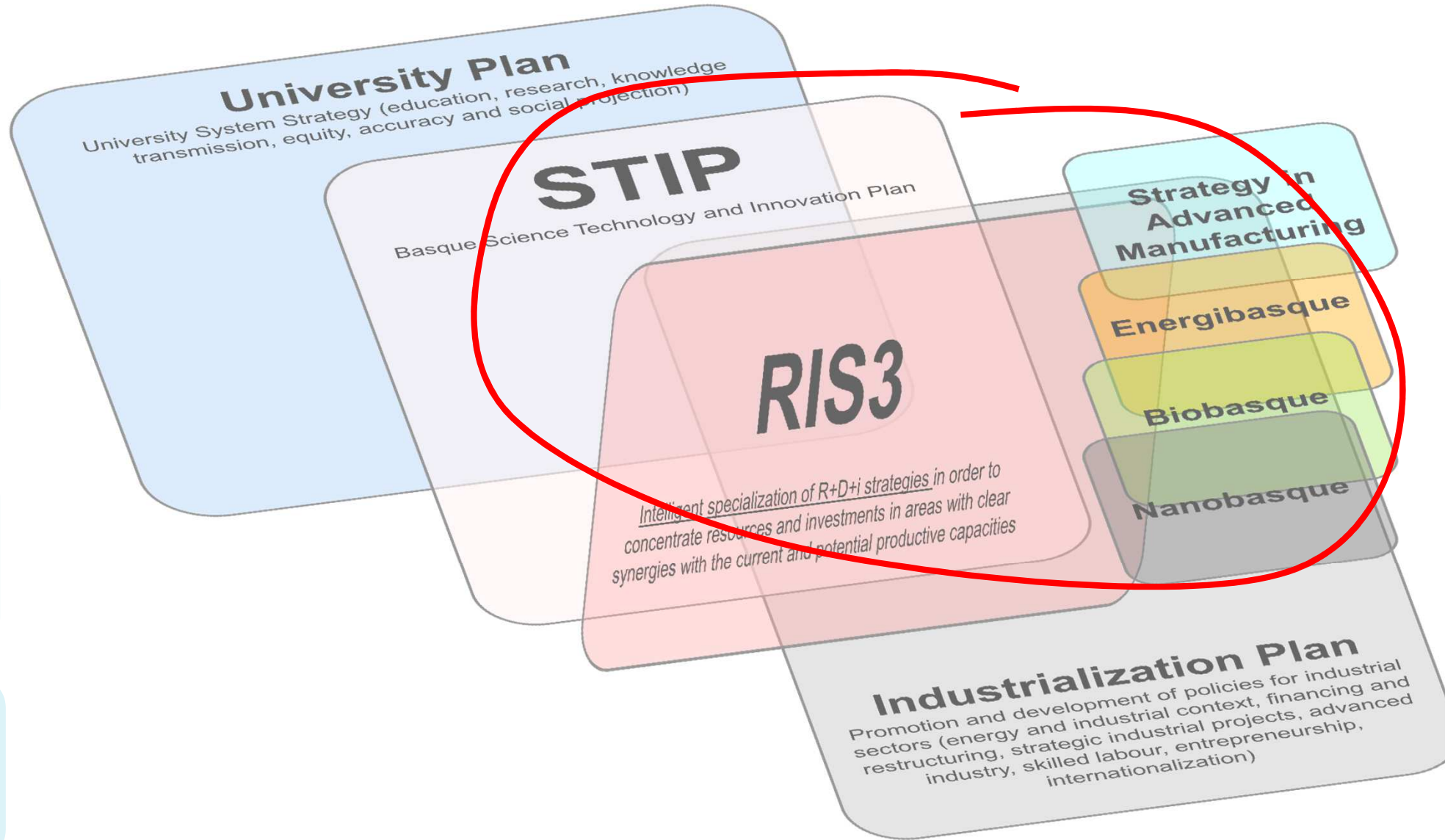
Designing the Basque Country RIS3

1

2

3

4

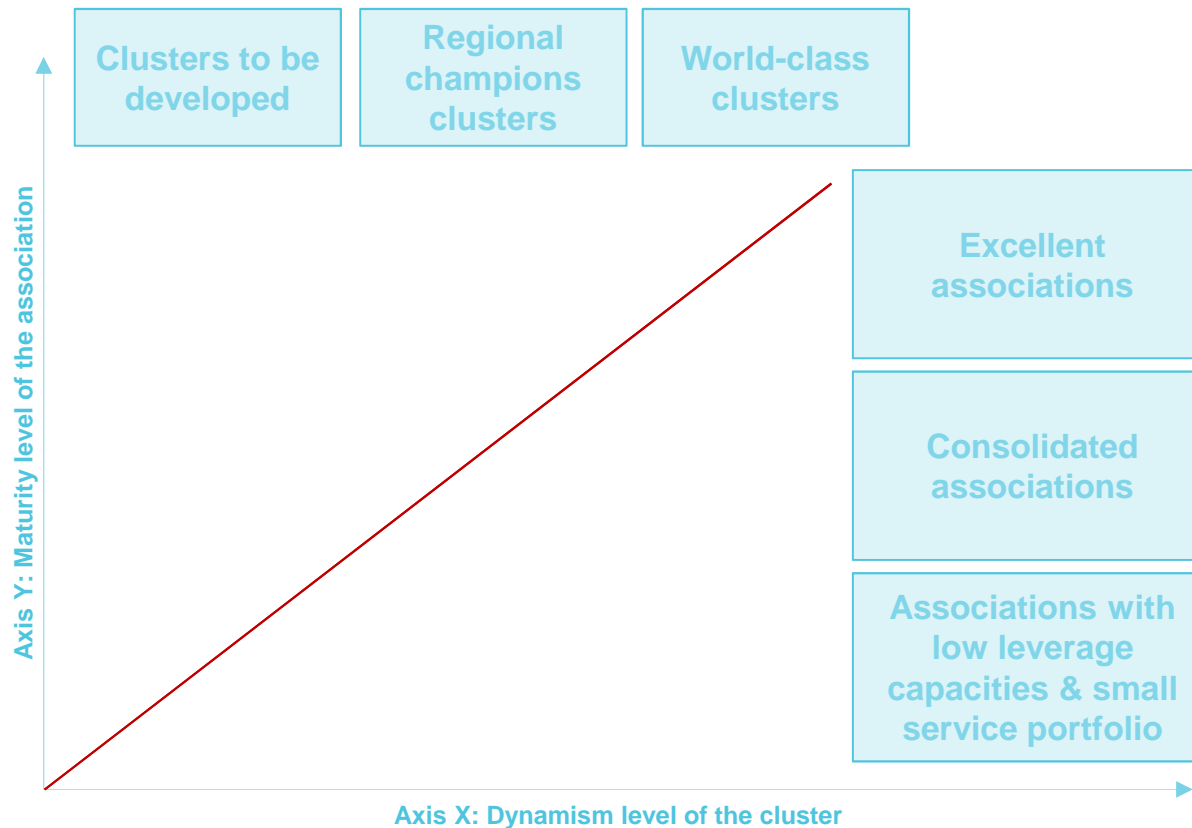


Re-shaping the Cluster Policy

1

- Support to enhance the performance of the clusters
 - Facilitating cooperation
 - Taking advantage of the regional policy mix
- Support to upgrade the cluster-specific business environment
 - Funding directed to enhance specific dimension of the cluster

2



3

4

- Support to establish and develop the capacity of the cluster association
 - Public support of cluster organisations
 - Financial and technical assistance
 - Empowerment

Revamping the Science, Technology and Innovation Network

1

1. **Market oriented:** Balance in research mix, fostering technology development.

2

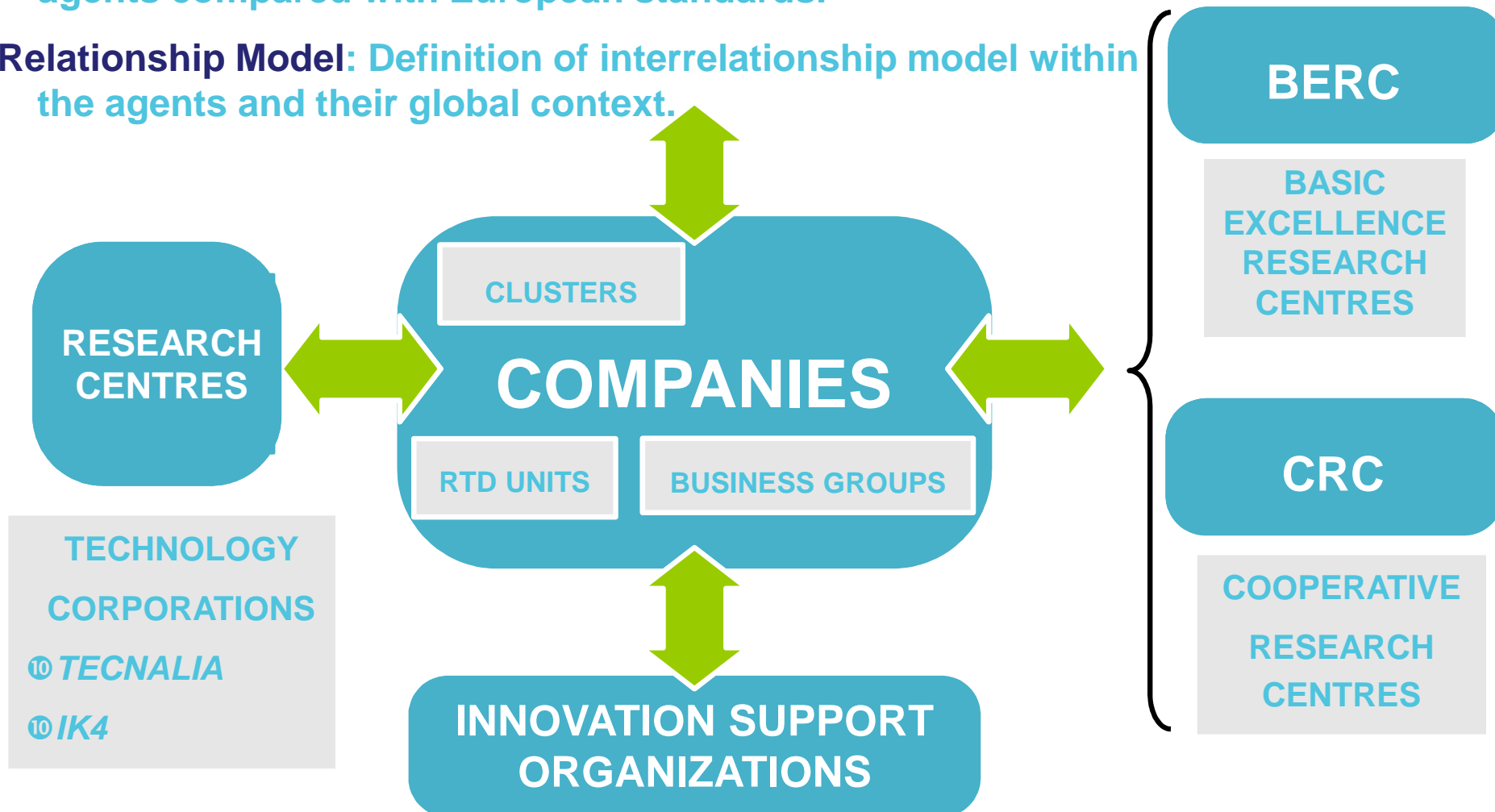
2. **Specialization:** Alignment with Basque RIS3 domains

3

3. **Excellence:** Determined by the goals required to each type of agents compared with European standards.

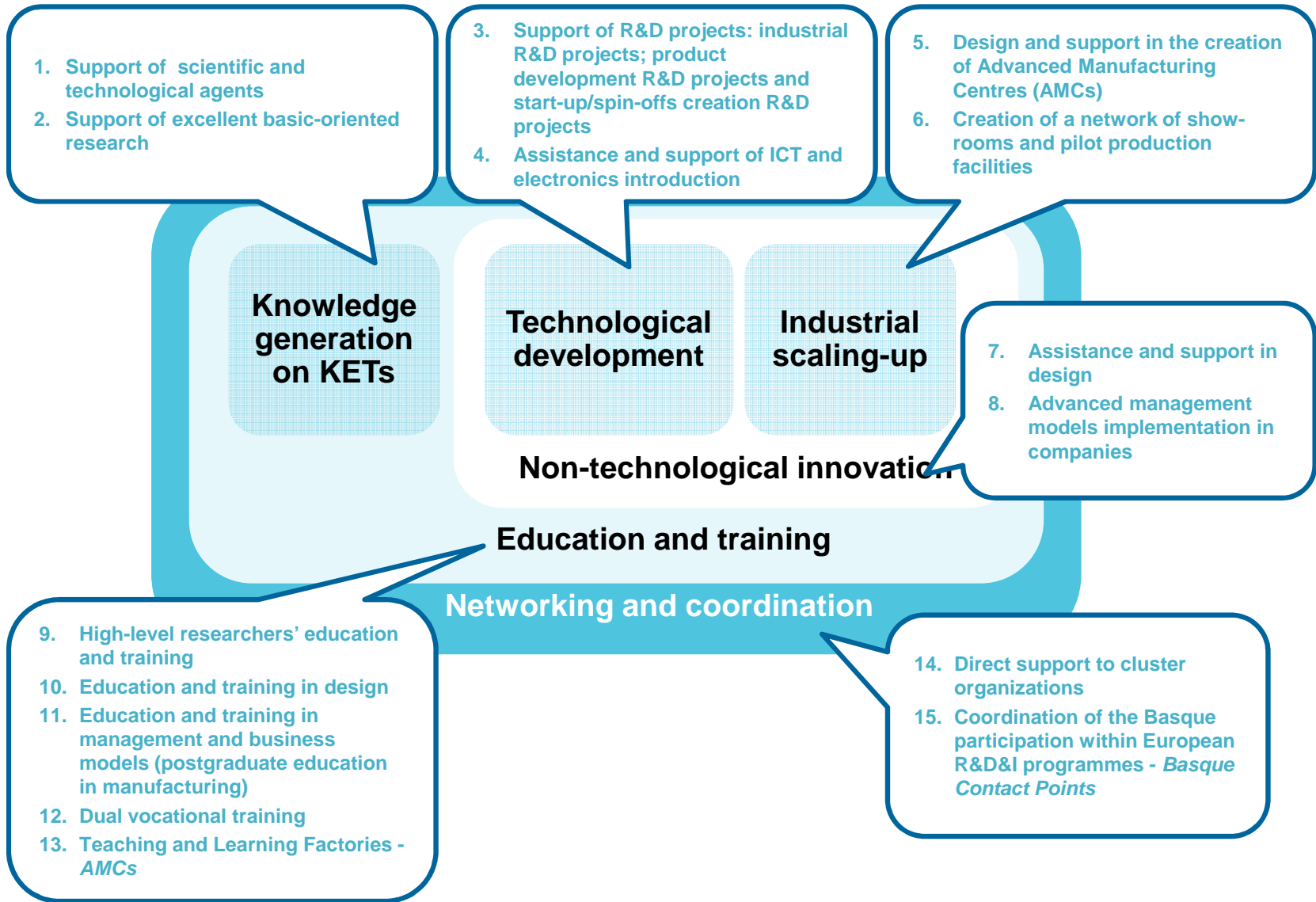
4

Relationship Model: Definition of interrelationship model within the agents and their global context.



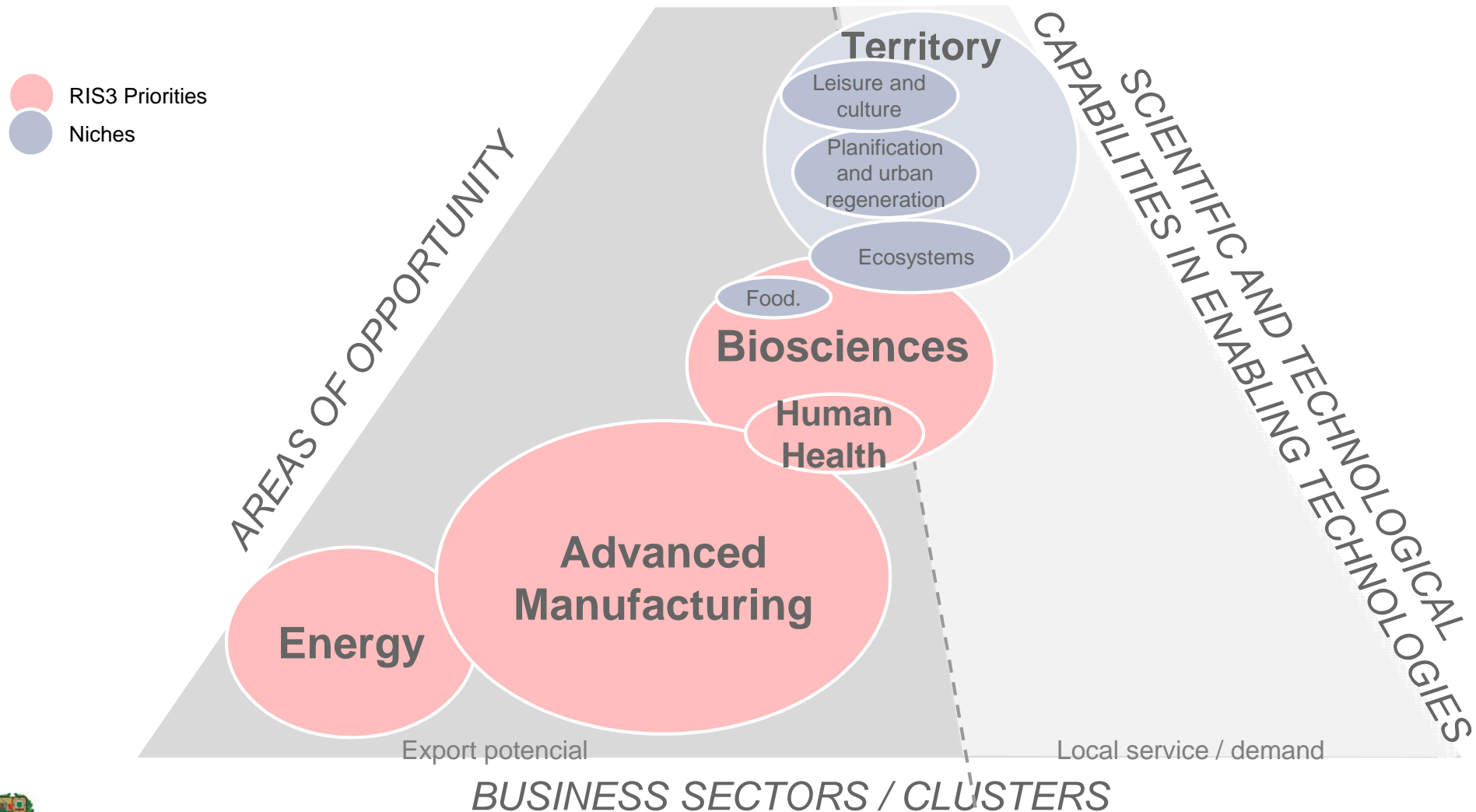
Re-balancing the R&D&I tools

- 1
- 2
- 3
- 4



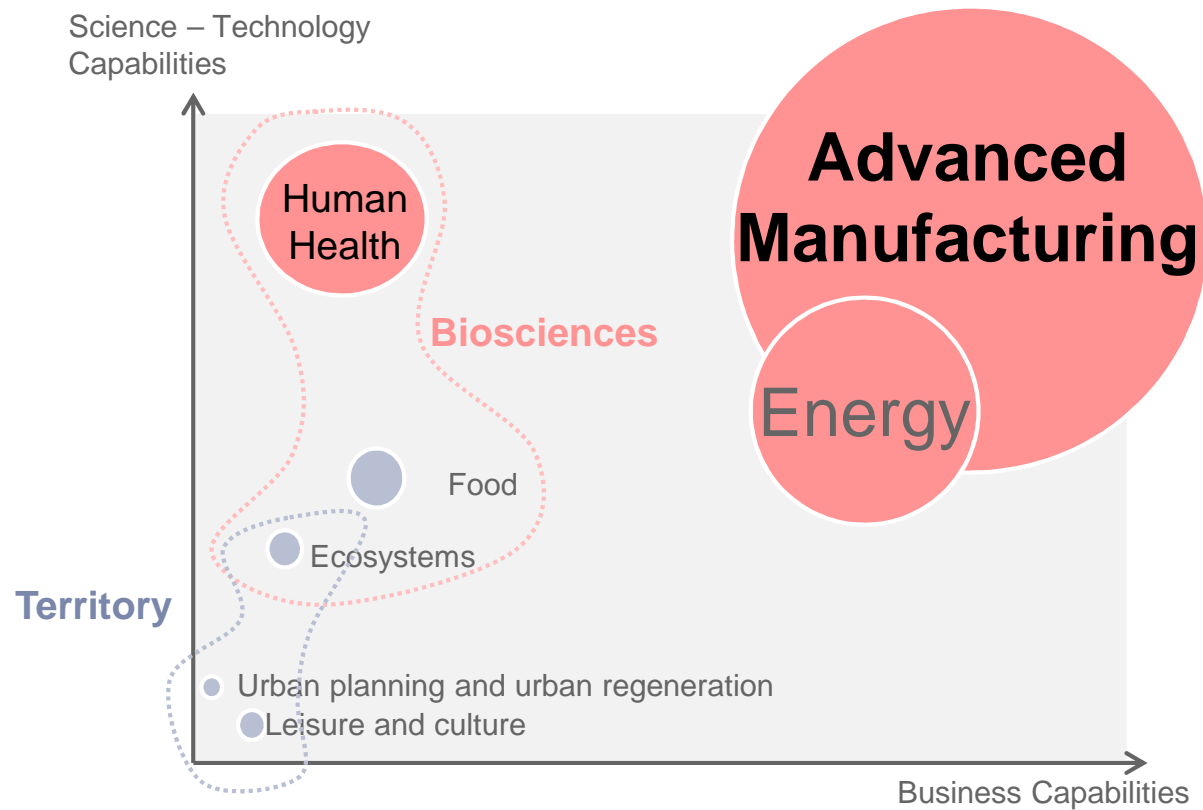
Basque Country RIS3: Priorities

Three smart specialization priorities have been selected: **Advanced Manufacturing**, **Energy** and **Biosciences** (mainly human health). Additionally, some niches related to **Territory** have been identified.



Basque Country RIS3: Priorities

These priorities shape a **complementary approach** - formed by different specialization areas considering their history, relative strengths and maturity level - focused on present and thinking on future.



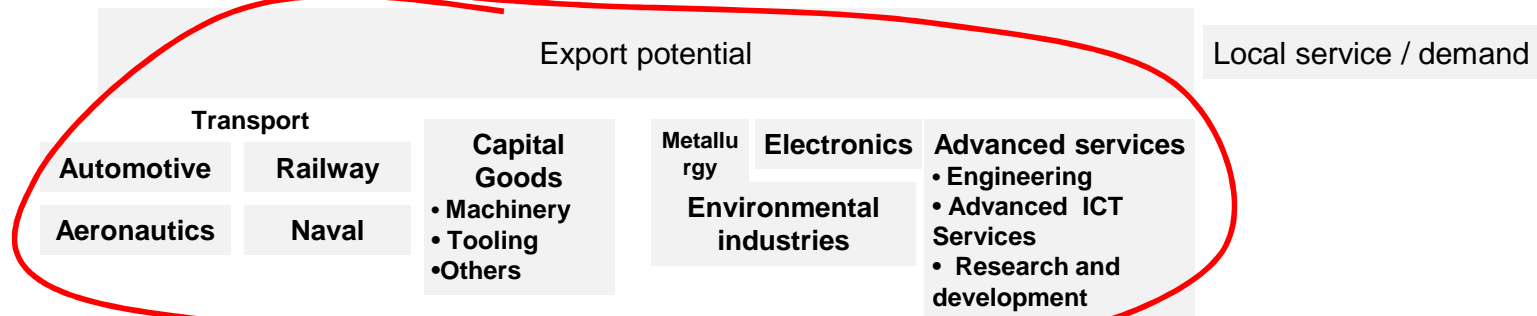
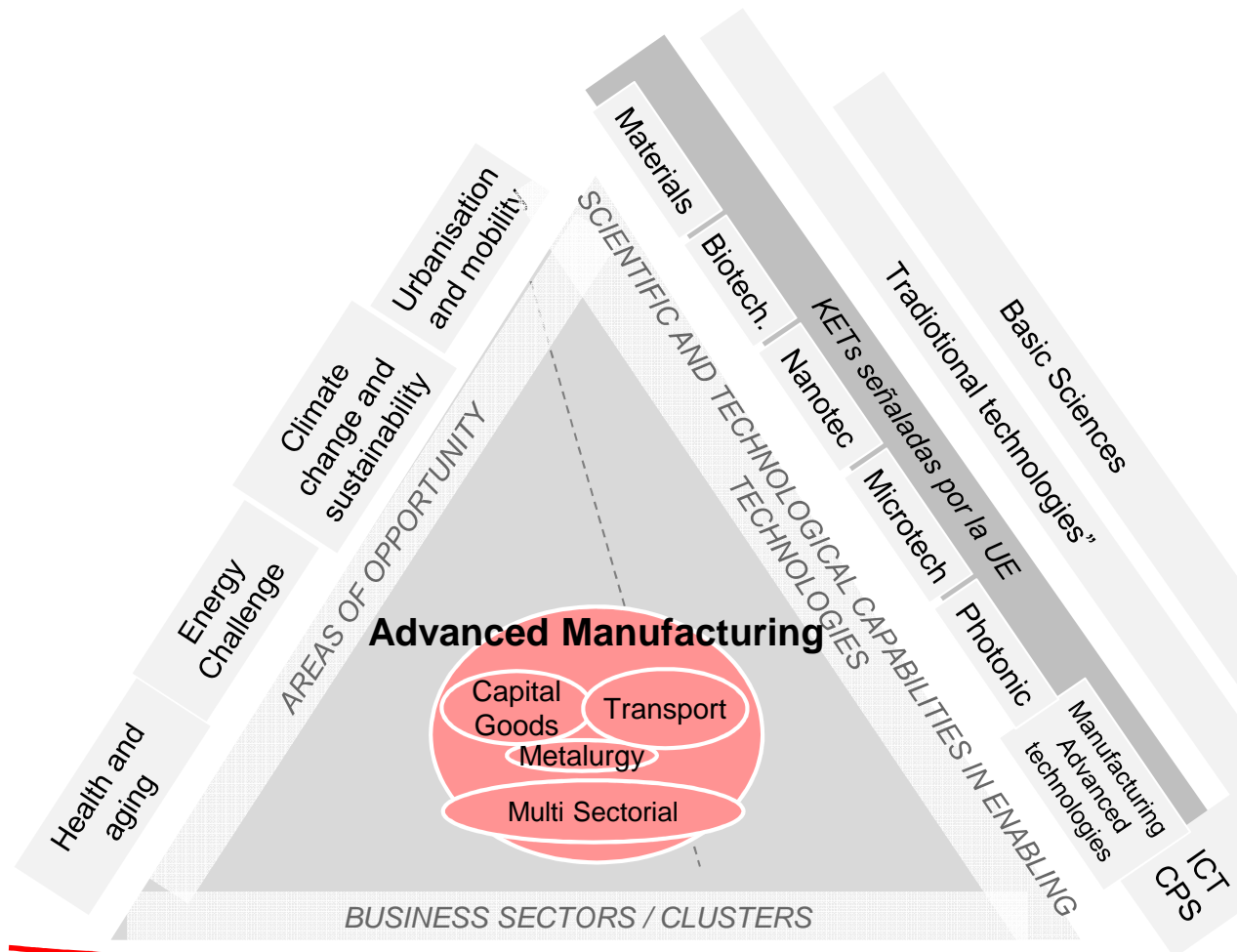
(*) Bubbles represent the relative size of each area

Basque Country RIS3: Advanced Manufacturing

Stated as:

- **Intelligence incorporation** to production means and systems.
- Use of emerging capabilities and technologies in **new products and processes**.
- Advanced **materials** integration in **higher added value solutions** or enhanced processes.
- **Efficiency** and sustainability in employed resources.
- **High added-value services integration**.

- In industrial business sectors ...



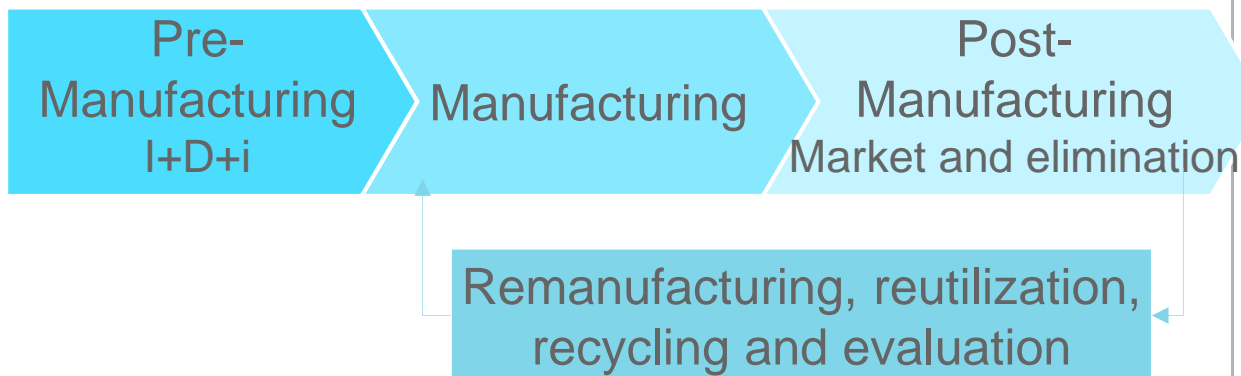
Advanced Manufacturing Strategy

The **definition** of Advanced Manufacturing includes **materials, processes, means of production and systems** that covers the industrial manufacturing phase as well as the pre manufacturing and post manufacturing phases.

The Scope of Advanced Manufacturing

Materials	Processes	Means	Systems
Materials and their transformation processes	Manufacturing processes	Products and production tools	ITC support equipment to optimize the manufacturing resources

Phases of Advanced Manufacturing



Advanced Manufacturing is...

... generation and implementation of knowledge, experience and cutting edge technology.

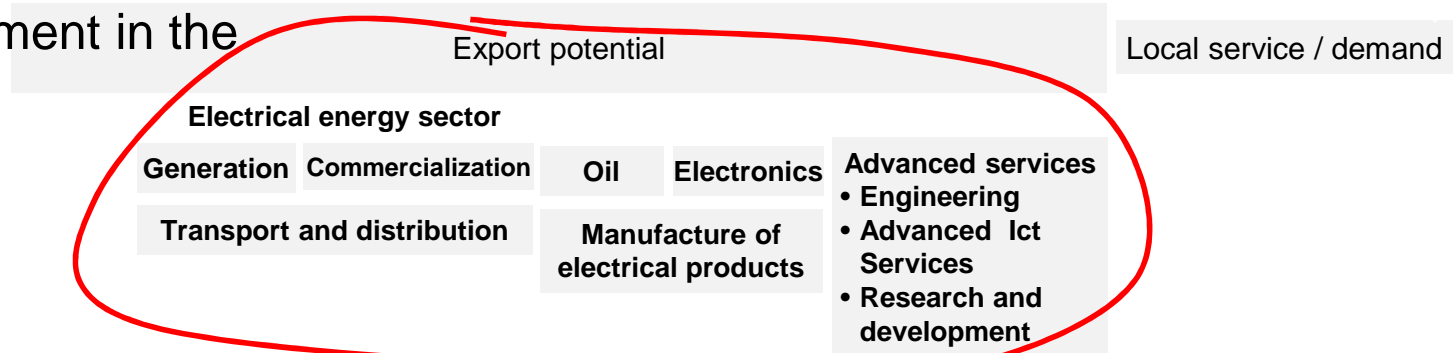
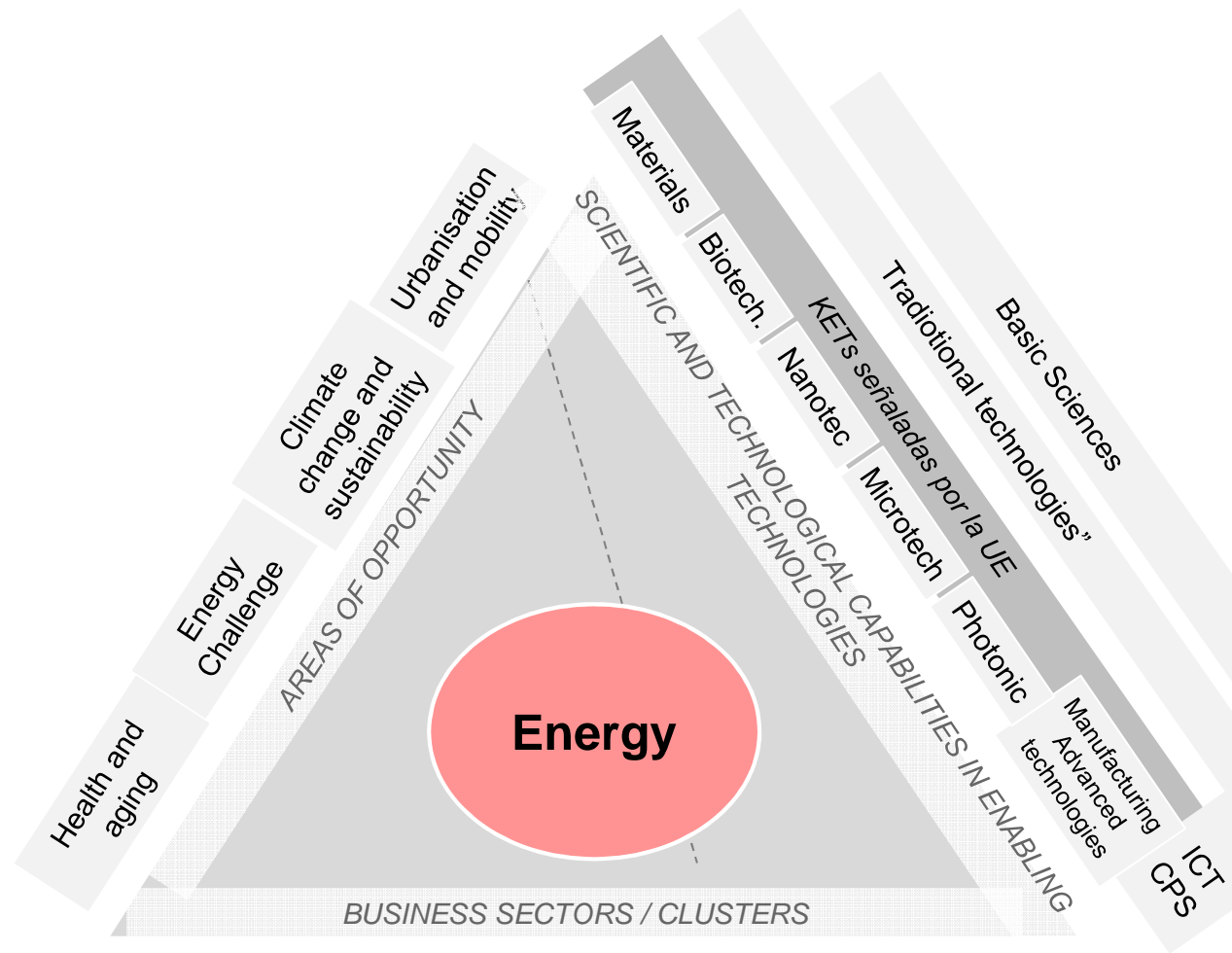
...for the creation of high added value products, production processes and associated services.

... with significant potential to generate wealth and employment.

Basque Country RIS3: Energy

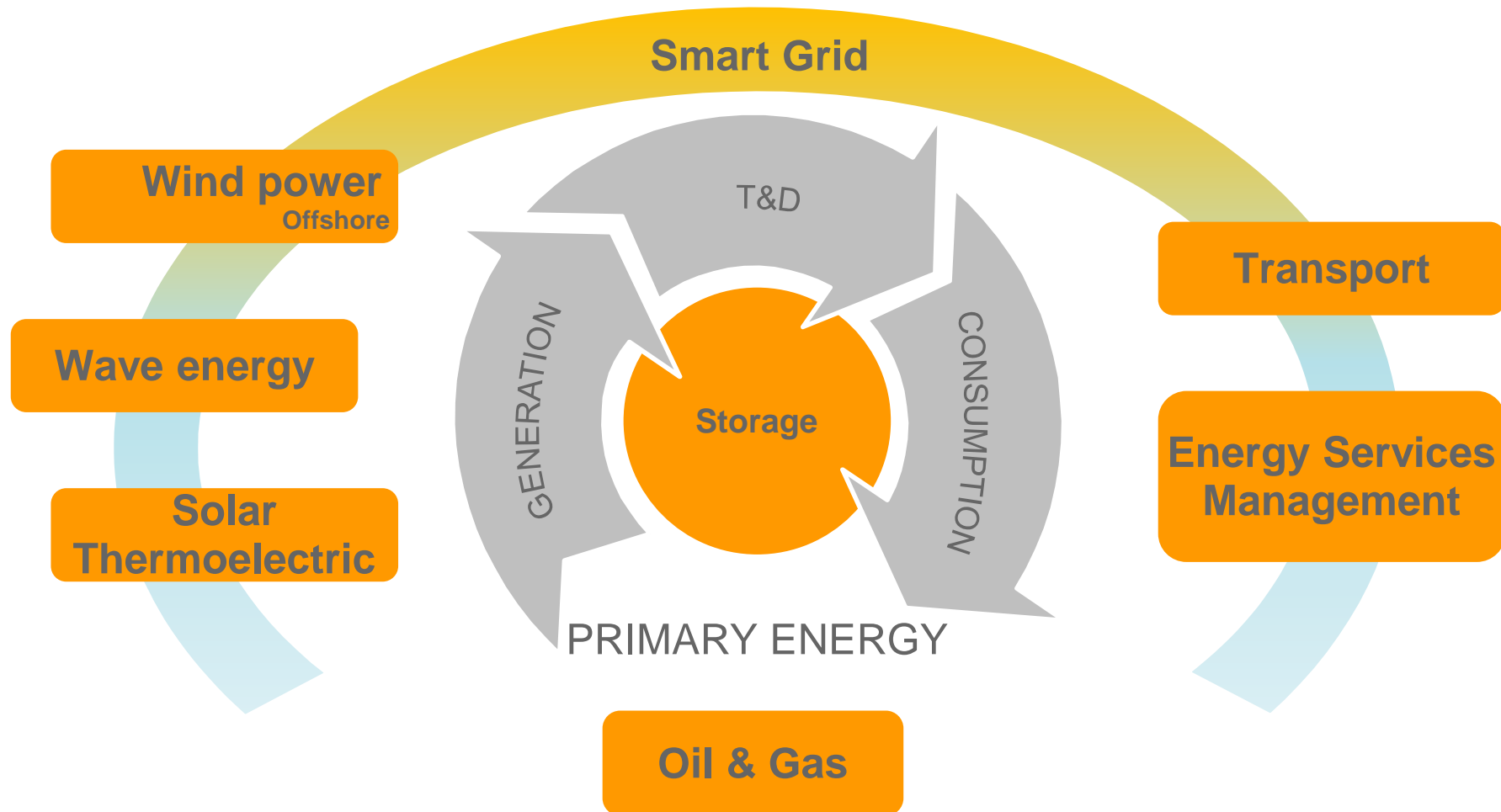
Stated as:

- High specialization in industrial sectors (205% out of UE 15, in materials and electric equipment).
- It comprises 8 of the 25 largest companies in the Basque Country: global, large, exporting and leading companies.
- Smaller companies leaders in specific market niches.
- Presence in all stages of the value chain (generation, energy transportation, storage, distribution, and related auxiliary industry).
- High R&D intensity (approx. 12% of total R&D investment in the sector representing 4,5% of GVA).



Energibasque Strategy

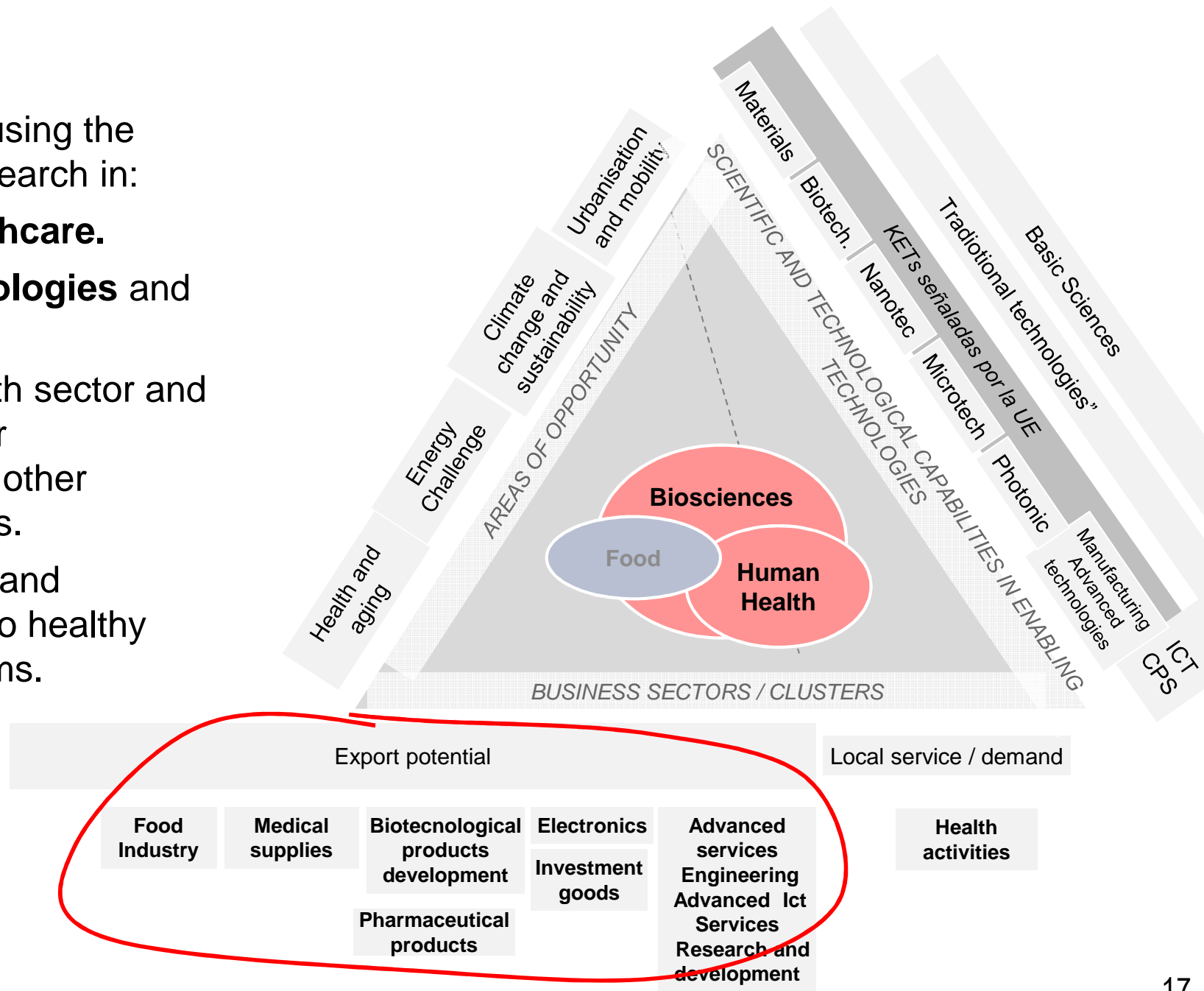
Selected priority areas are **linked by electricity as common connection, and storage as the main technological driver.**



Basque Country RIS3: Biosciences

Stated as:

- Diversification, focusing the industrial of the research in:
 - **Personal healthcare.**
 - **Medical technologies** and supplies.
- It includes the health sector and holds a potential for diversification from other traditional industries.
- Niches in products and processes related to healthy food and ecosystems.



Biobasque: strategy in biosciences

BioBasque strategy has allowed to position the Basque Country as an internationally renowned BioRegion.

It is formed by:

- Growing company cluster of life sciences.
- Research agent network in different areas.
- Collaboration between academics, companies and health system.
- Unique combination of convergent technologies and know-how.
- Strong support from Government oriented to company development.

Vision:

Company activity internationally renowned, wealth and employment generator and promoter of a better quality of life

Mission

Biocluster creation based on:

- Critical mass
- Excellent research
- Commercialization and exploitation capabilities
- Integration in the international/European framework

(2002)

First Spanish strategy for biosciences promotion

A new business sector development

Chosen as finalist for Regiostar award among 66 initiatives from 18 countries

(2011)

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