

Innovative Clusters Policy in Spain

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General Scenario of Spanish Economy: Strengths

Positive differential growth (GDP, employment, GDP/capita)

Rate of growth	Spain	UE-15
GDP		
1985-2005	3,35	2,37
2000-2006	3,61	2,14
Employment		
1985-2005	2,28	1,91
2000-2006	3,15	0,68
GDP / capita (spain)		
1985	74,9	100
2005	89,0 (105,2 UE-27)	100

Source: OECD, stat.

General Scenario of Spanish Economy: Weaknesses

Specialization according to sectorial technology level ⁽¹⁾

Technological Intensity	Spain	UE-15
High (%)	5,7	9,9
Medium – High (%)	27,8	36,1
Medium – Low (%)	33,8	26,7
Low (%)	32,7	27,3
Total	100	100

(1) 2003. Manufacturing Distribution (basic prices). OECD

General Scenario of Spanish Economy: Weaknesses

Lower size and productivity of SMEs

% Businesses	Micro	Small	Medium	SMEs	Big Companies
Spain	94,7	4,6	0,6	99,9	0,1
UE-15	93,2	5,8	0,8	99,8	0,2
% Workers	Micro	Small	Medium	SMEs	Big Companies
Spain	46,8	20,0	12,6	79,5	20,5
UE-15	34,6	18,9	12,9	66,3	33,7
% VA	Micro	Small	Medium	SMEs	Big Companies
Spain	20,3	17,5	17,5	55,3	44,7
UE-15	17,4	17,2	17,1	51,7	48,3
VA / Worker	Micro	Small	Medium	SMEs	Big Companies
Spain (UE = 100)	32,6	36,2	38,9	29,8	46,1

Source: SME Observatory report 2003/7. SMEs In EUROPE 2003

General Scenario of Spanish Economy: Weaknesses

Lower growth of labour productivity (Spain / UE – 15)

Growth rate (%)	1987-1995	1995-2000	2000-2005
Spain	2,1	-0,4	-0,6
UE-15	2,3	1,4	0

Source: Van Ankb (2006) from OECD (National Accounts and Labour Force Statistics)

MAIN OBJETIVE OF INDUSTRIAL POLICY

Improving multifactor productivity to increase global productivity.

$$\Delta Q = \alpha_1 \Delta L + \alpha_2 \Delta K + \Delta PMF$$

1995-2002	Work	Capital	PMF
UE	0,30	0,38	0,54
USA	0,15	0,61	1,68
SPAIN	0,52	0,05	0,17

↓
Spanish production function is labour intensive.

↓
Not enough capital renewal from technological gap.

↓
PMF is still weak.

NECESSARY CHANGE IN THE PRODUCTION FUNCTION

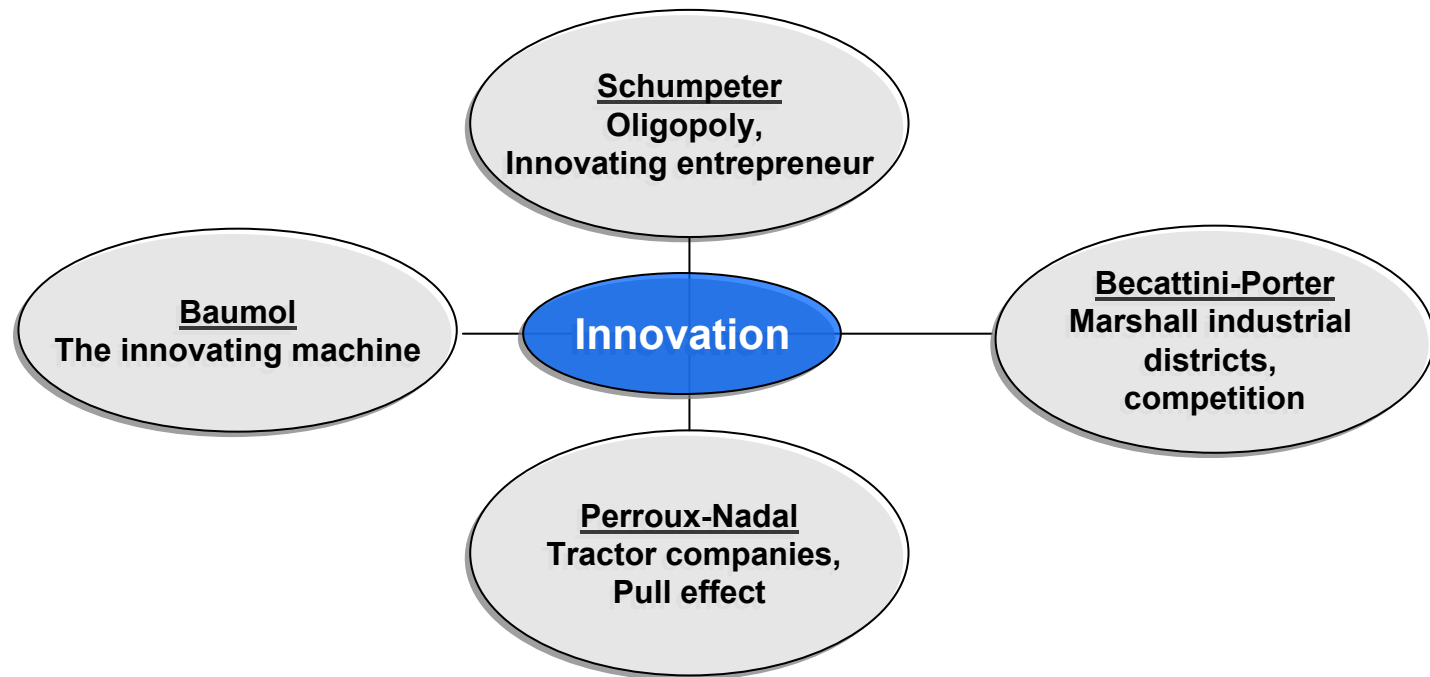
- The main objective of the new industrial policy is to improve the aggregate productivity in our economy.
- It specifically tries to improve total factor productivity, especially the innovating capacity of companies and industrial areas, in two different ways:
 - Strengthening the advantages of scale economies
 - Strengthening the advantage derived from the environment.

INNOVATION IN THE NEW STRATEGY OF SPANISH INDUSTRIAL POLICY

- Innovation is decisive to increase productivity in our economy.
- The approach of MITYC is to direct innovation from the market to businesses, universities and applied basic research.

INNOVATION IN THE NEW STRATEGY OF SPANISH INDUSTRIAL POLICY

- But what kind of innovation is necessary? → **there are 4 approaches that must coexist:**

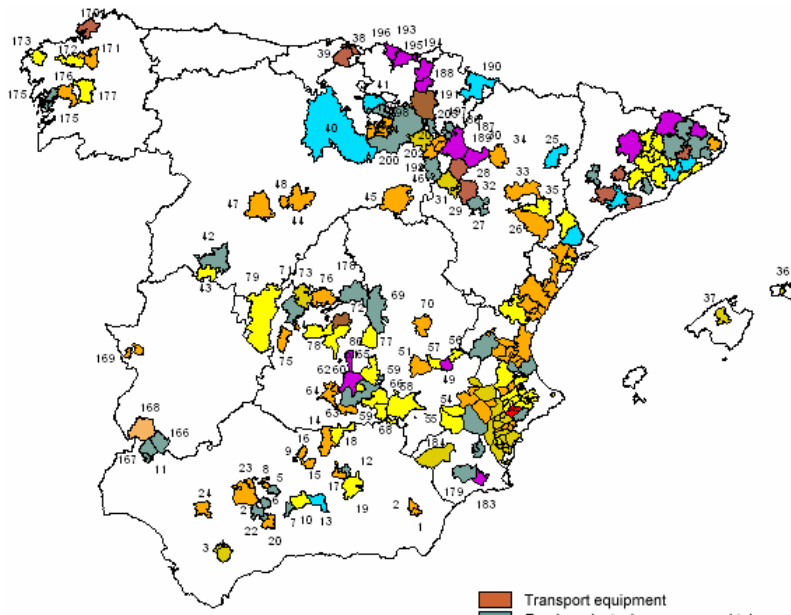


Policy objectives and initiatives

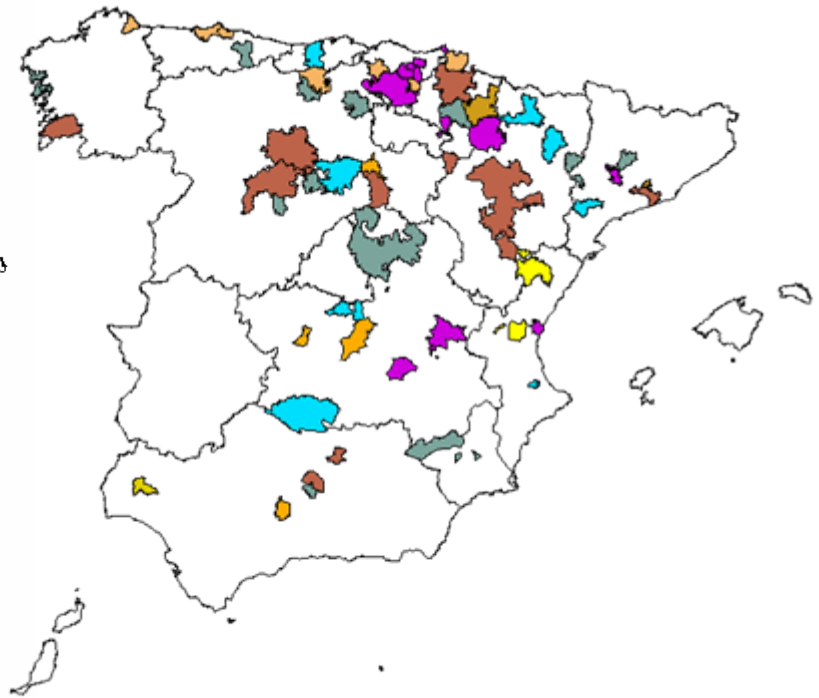
- Structural change: increasing share of knowledge intensive activities
- Foster industry innovation: consortia strategy
 - Large firms: CENIT programme, technological projects
 - SME: AEI (Agrupaciones Empresariales Innovadoras) or clusters, market – focused projects

Agglomeration: spontaneous phenomenon

Industrial districts (205)



Local production systems of large companies (65)



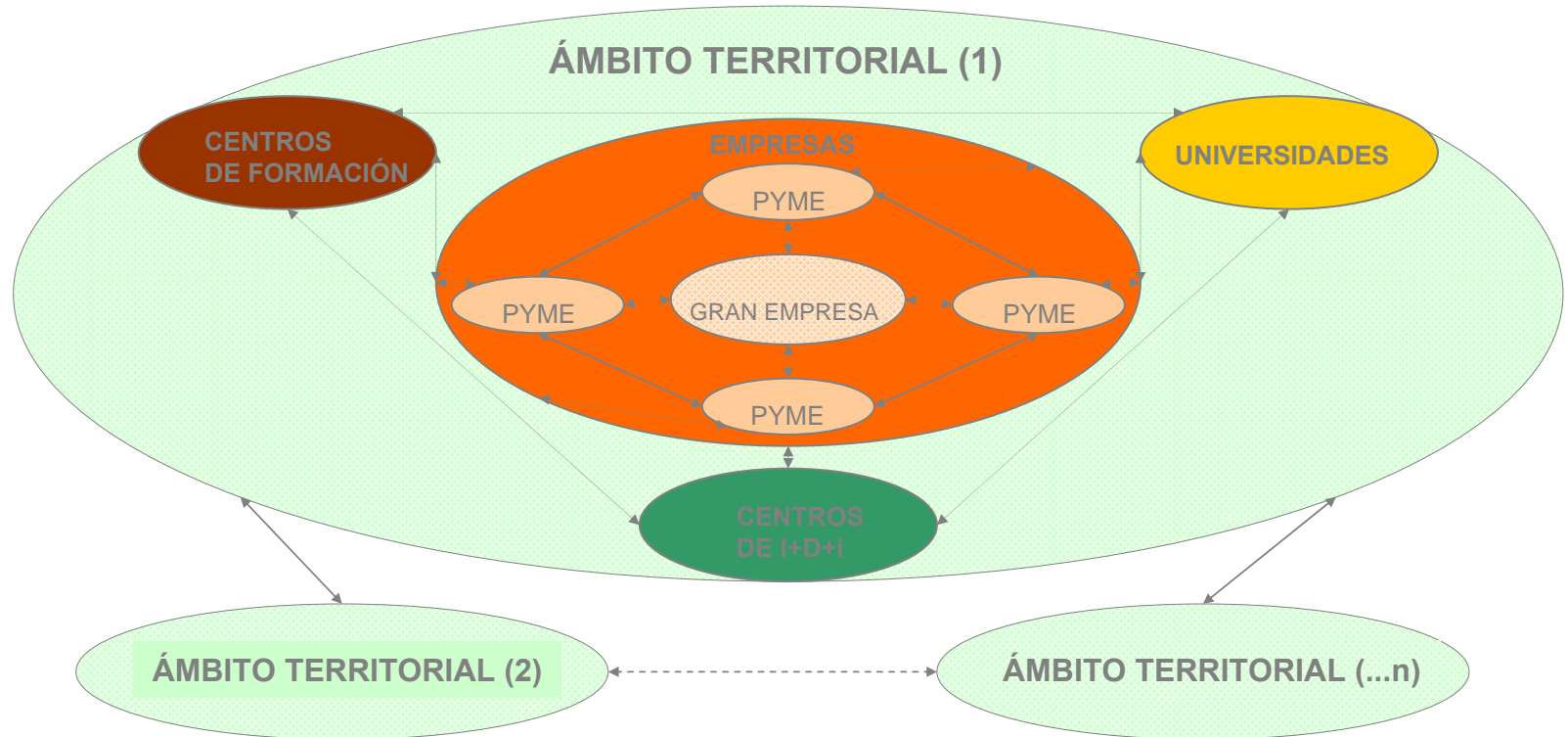
- Transport equipment
- Food products, beverages and tobacco
- Machinery and equipment
- Basic and fabricated metals
- Chemicals
- Games and toys
- Paper, publishing and printing
- Leather and footwear
- Products for the house
- Textiles and textile products

AEI (Agrupaciones Empresariales innovadoras) Programme

- **What is an AEI?**
 - *AEI* is an innovative cluster formula
 - Includes enterprises, research centres, technology and knowledge transfer centres and training centres that share a interests in a market or a technology, and are spatially concentrated

AEI SUPPORT PROGRAMME

AEI Configuration:



AEI

- Launched 2006, first call for projects march 2007
- Purpose of the program: support innovation and competitiveness strategies in groups of innovative firms
- Stimulate collective innovation projects whose cost is shared among members of the AEI

AEI

- **Target firms**
 - International orientation
 - Innovative Strategy
 - Commitment to invest in innovation
 - Commitment to cooperate in ambitious projects with other firms and organizations

AEI

- Selection criteria:
 - Strategic AEI plan: quality, depth and breadth. Identification of critical innovation collective projects
 - Technical, economic and financial feasibility
 - Co-financing commitment by firms
 - Involvement of regional and local governments
 - Economic impact of the group: critical mass
 - Continuity: possibility of derived actions
 - National, regional and local impact

AEI

- Special AEI register: “AEI label”
 - Assessment by the Dgpyme of strategic plans presented
 - Inscription of those proposals with accepted strategic plan in “*ad hoc*” AEI register, for a period of four years
 - Special consideration and “extra” points for AEI projects when submitted to all MITYC, innovation support programs and, agreements with other government bodies (state and regional)

AEI

- Specific program for AEI by CDTI
- Other R+D+I programs (Profit, Avanza, InnoEmpresa)
- Internationalization programs (ICEX)
- Funding programs: ICO, mezzanine loans (ENISA), guaranties (CERSA), venture capital
- Future specific programs for AIE projects under examination

First call for projects

- First call AEI program in march 2007: Subsidies to prepare the strategic plan of the AEI
- **171** proposals submmited
- 60 have been accepted
 - After approval of strategic plan >>Registered as AEI
- Next call for projects:
 - Subsidies to establish a governance-coordination unit for the registered AEI

First call for AEI strategic plans

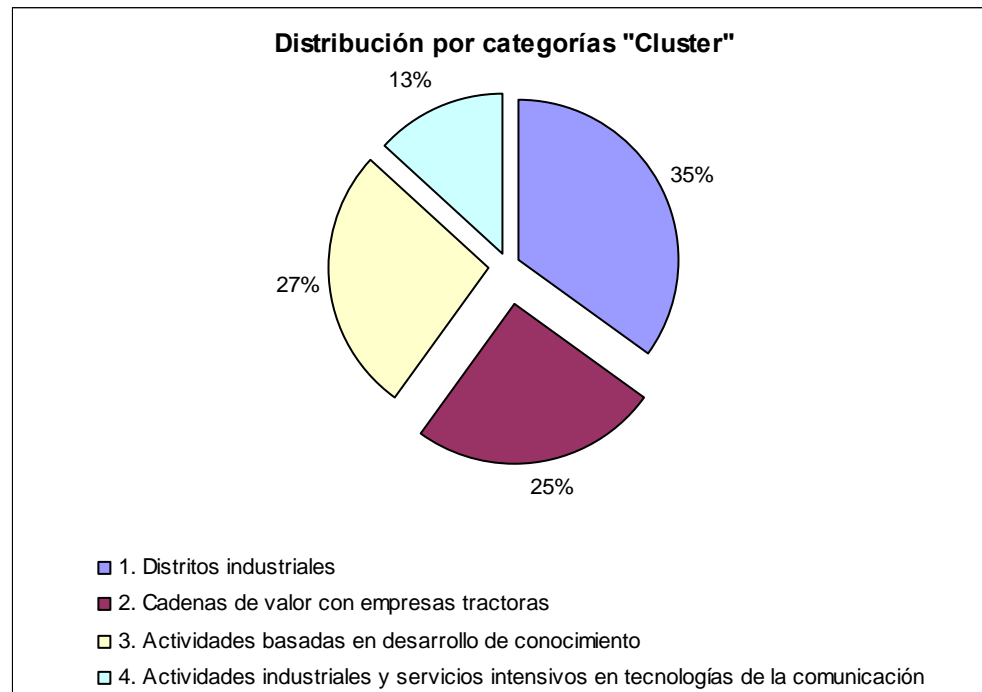
171 proposals received (100%):

- **TIC: 24.6%**
- **Machinery&Cars: 15.8%**
- **Health&Food: 7.6%**
- **Footwear&Tex: 7.0%**
- **Wood&Cork: 7.0%**
- **Energy&Water: 5.4%**
- **Chem&Plastics: 5.3%**
- **Ceramics: 4.7%**
- **Biotech: 4.1%**
- **Aircraft: 4.7%**
- **Logistics: 3.5%**
- **Media: 3.5%**
- **Shipbuilding: 3.5%**
- **Recycling: 2.3%**

Accepted proposals

	number	%
1. Traditional activities. Industrial districts (Food, shoes, textiles, wood, toys,..)	21	35,00%
2. Value-chain activities dominated by large firms (Transport equipment, cars, shipbuilding,...)	15	25,00%
3. Science based activities (Aerospace, biotechnology, drugs, energy, environmental technologies)	16	26,67%
4. Advanced services intensive users of new Technologies (ICT) (software, media industry,...)	8	13,33%
TOTAL	60	100%

Distribution accepted proposals



AEI

