

# **BUILD AN INNOVATIVE INDUSTRY BASED ON INNOVATION**

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The decline of industry in developed countries is not a new trend or a consequence of the crisis. Since the 1970s or 1980s, manufacturing has progressively lost relative weight to the detriment of the services sector (see graph), but it is now that the industry begins to be really active on the political agenda of advanced countries.

The United States, Great Britain, Japan and also the European Union have specific plans to strengthen their manufacturing and activate their potential as a motor for sustainable development and job creation (see this [article](#) in The Economist). In its flagship industrial policy document, "[A Stronger European Industry for Growth and Economic Recovery](#)" Europe sets itself the objective of "reindustrialization", which it defines on the basis that the industry gains new impetus and reaches 20% of GDP by 2020, reversing the trend and recovering the levels prior to the economic crisis situation. In this area, as in others, Europe has chosen to establish a very ambitious numerical objective that, although it will be difficult to achieve, marks a clear priority that must transcend all the Union's policies (Single Market, Competition, R&D and innovation, mainly) and also those of the national policies that have in their hands the main competences in this field.

For the Basque Country this is a very relevant message because despite the fact that it continues to maintain significant industrial specialization (23% of GVA if we take industry and energy), the signs of weakness experienced by its industry are an urgent warning that we need **<em>significant strategic initiatives to take advantage of the potential and continue being an industrial country** (see [here](#)); During the crisis, industrial production has decreased in real terms by 13.7% and almost 50,000 jobs have been lost in the sector (20.2% of the total full-time equivalent jobs).

It is evident that the highly labor-intensive industrial activities in the Basque Country follow an unstoppable trend of relocation to countries and regions with lower wage costs or towards complete disappearance; there are plenty of examples, because the list is endless. On the other hand, however, ***the Basque Country continues to have a rich fabric of highly competitive industrial companies that operate in the main global value chains*** (transport material, energy, machinery, food, etc) and that have united a proven cost structure, a multitude of competitive advantages related to the quality of management, services, innovation and technology.

These companies clearly show us the path of ***productivity as a real and effective factor of competitiveness***. Productivity that is determined not so much by the containment of salaries, but by the incorporation of a greater and growing qualification of the personnel and the configuration of an environment/system/eco-system (or whatever we want to call it) increasingly sophisticated and developed to support business innovation in which companies and public-private institutions that offer services and intangibles of very high added value to companies come together.

And this is the path, there is no other alternative than ***to bet radically on innovation as a way to activate sustainable companies that add value to the market and create employment***. And the sector of activity does not matter because they all have a great market experience if, on the one hand, we add new business models that are more open and participative to what we already know how to do, capable of unfolding the real potential of people. On the other, we incorporate new innovative business models that focus on adding value and, last but not least, we are able to add to all of this the potential of new emerging technologies that are revolutionizing the way of manufacturing, such as the functionality of the products and services itself. As in other fields, Europe is setting a direction and we have to build our own path and begin to follow it without wasting time.

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