DOES THE AUTOMOTIVE SECTOR SMILE?

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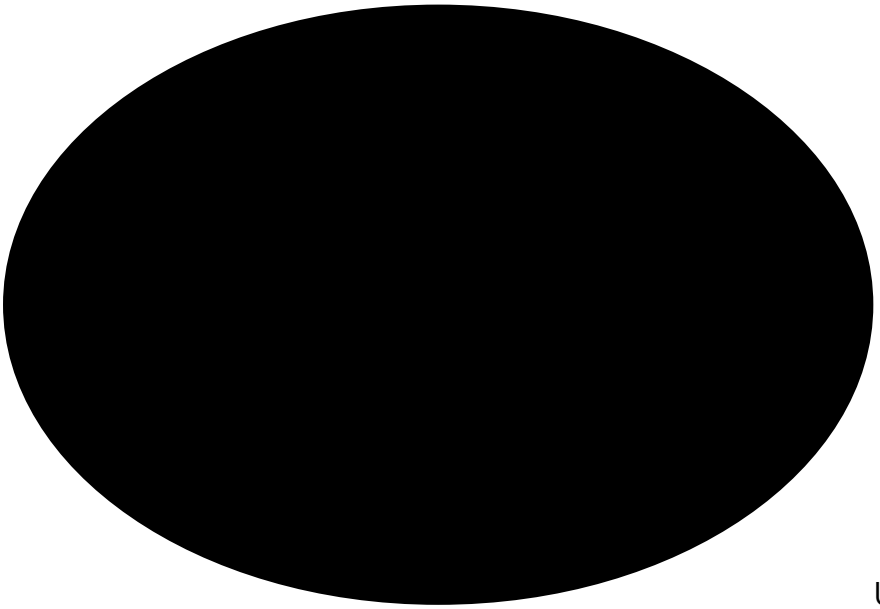


"The automotive industry is young" . This claim was made by Michel Freyssenet, director of research at CNRS French in Valladolid on February 15, 2011 at Sustainable mobility and electric vehicle conference in Valladolid. Let's not frown, the Chinese market is growing at such a rate that in 10 years it has achieved the size of the global market after 80 years of existence. And this growth does not stop. India, China and emerging markets are already present and future in the automotive sector. A future in which Western companies want to be.

Europe and the US act like two old men who don't like new fashions. And they have their reasons. As Freyssenet pointed out, it is very likely that there will be a **abrupt break in technology and in the business and organizational model** in the automotive sector simply because of one fact: in the electric car, Asian companies can compete better and they will surely bet on it. McKinsey speaks in its analysis Applying global trends: A look at China's autoindustry of the possible scenarios. In all of them China will have a leading role. Western agents must hurry.

What role will the Spanish automotive industry have in this scenario? From my point of view it depends to a large extent on its positioning in the value chain and its ability to occupy new segments in it. Professor at the Center for Strategic Management and Globalization at the Copenhagen Business School, Torben Pedersen, presented a concept of interesting application to the Spanish automotive sector, *The Smiley of the Value Chain*, or what we could call in Spanish the **Smile of the Value Chain**.

According to this model, **value added is greater in the activities of the initial and final segments of the value chain**. That is, in the design, logistics and supply activities, at the beginning; and in marketing and branding activities, quality control and packaging, at the end. This means that it is these activities, and not the more manufacturing ones, that generate the greatest value for the territory.



Unfortunately, **a large part of the employment in the automotive sector in Spain would be represented in these low-value activities**, activities that are seriously threatened by relocation. The smile therefore fades in Spain.

In the new competitive model that is to come for the automotive sector, **Spain must know how to position itself in the highest value segments** and the maintenance and generation of thousands of jobs depends on this. The arrival of the electric car and the even broader concept of sustainable mobility **opens up that opportunity for a new Spanish sustainable mobility industry**.

Sustainable mobility presents interesting business opportunities for the automotive industry (electric mobility, etc.) but also for other modes of transport (public transport), for ICT applied to transport and, let us not forget, for non-technological innovations: organizational , business, and urban development. It is surely in this new concept of sustainable mobility where Spanish companies have a broader role to play and where the best opportunities for economic development exist.

That is why many of the electric car development plans prepared by the regional Development Agencies miss a more in-depth analysis that defines the type of local industry to be generated, the type of agents and activities, and the role that the regional or national innovation system should play.

We shouldn't be tightening the screws on cars in the future again, even if they have an electric motor, right?

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