

INNOVATIVE SPAIN

The Iberian giant is becoming a platform for research and development within the key sectors of energy, biotechnology, services, and Information and Communications Technology. We take a closer look at the country's vast potential as it moves toward greater internationalization.

PHOTOGRAPH BY CHANCHA S. ULLOA

Bodega Ysios, in Rioja Alavesa, Spain.



Europe's Innovation Nation

Having enjoyed unprecedented growth from a construction boom, the Spanish government is now sharpening its competitive edge.

With more than 40 technology parks and one of the highest percentages of research, development, and innovation (RDI) revenues in Europe, making up 1.4% of GDP, Spain is on the path to becoming a global leader in this field. The socialist government, led by José Luis Rodríguez Zapatero, has confirmed its desire to place Spain at the forefront of RDI on a global level.



Miguel Sebastián Gascón,
Minister of Industry

One of the major focuses in recent years has been in renewable energies, to offset the country's huge dependence on oil. Miguel Sebastián Gascón, Minister of Industry, Tourism, and Commerce, who is responsible for 50% of Spain's economic activity, says: "We import 435 million barrels of oil a year—roughly ten barrels per person—which is too much. Our objective in the short-term, then, is to reduce that consumption. In the short- and mid-term, we would also like to invest more in renewable energies. We currently produce 20% of our energies from renewable sources, but we want to increase this to 40%.

"We also want to introduce biocombustibles, bioethanol, and biodiesel and a mix with gasoline, and then electric cars into our cities. It is a three-to-four-year plan. Our more immediate priority, however, is to save energy."

Enter the Institute for Diversification and Saving of Energy (IDAE)—a state-owned business entity that aims to raise public awareness of energy-related issues and promote energy-efficient technology. IDAE's environmentally friendly policies include the promotion of renewable sources of energy such as



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water, wind, solar, and thermal power, with its campaigns and activities aimed at business and domestic energy consumers.

IDAE's president, and Spain's Secretary General of Energy, Pedro Marín Uribe, says: "Spain must promote the energy sector to improve its economy and create new jobs. We must improve our thermal energy and promote smart technology. Energy efficiency is fundamental to us. Spain's key advantage has been anticipation. What matters in a sector that is evolving so rapidly is to get there early. When you bet on technological development you take risks.

"We have ascertained a strong position in the development of renewable energy, making the sector a target for investment. Sustainability and our commitment to technological development are pivotal to Spain's future, and we must change the energy horizon in Spain for one that addresses energy distribution efficiently. IDAE's aim is to promote projects which have a clear technological innovation component and are suitable for replication."

Two Spanish companies to have responded to the energy-saving challenge are Electrabel and Siliken. Electrabel, part of the GDF Suez group, selects the best locations for its



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renewable energies projects, and will, according to Yves Jourdain, general manager of the Western Europe Business Unit, continue to gamble on the Iberian market.

Siliken, a solar energy company headed by CEO and director-general Carlos Navarro, has been so successful it is currently investigating markets outside of Spain, most recently California. "The solar energy market has developed very rapidly and we needed to have the materials to satisfy this demand," he says. "One of our key strengths is that our production lines include machines developed by our own proprietary technology. This has given us a lot of independence as well as allowed us to plan our growth capacity in a market as tense as ours. Siliken has dedicated a large part of its efforts to innovation through R&D, which we feel is fundamental to the development of the company and will allow us to keep our customers at the forefront of technology. Our personal aim is for Siliken to become a reference renewable energy company."

Promoting Spain and Its Capital

Now ranked as one of the European Union's top 10 cities, Madrid is continuing to improve its international reputation. It is also leading the way in innovation and technology and investing heavily in new universities. The city's economy was expected to grow 1.4% in 2008 from the previous year, with tourist numbers up 40% since 2004, while Barajas Airport continues to reinforce

its position as a major international transport hub.

Helping to build the city's global reputation and its many attractions and facilities is Promoción Madrid. Formed by the city's Mayor, the organization is the creative force behind Madrid's colorful marketing campaigns, which showcase the city's rich history and culture, along with modern-day attractions like exclusive shops and vibrant nightlife. "We



have revolutionized the image of Madrid through modern pamphlets, images, and TV shows," says Miguel Ángel Villanueva, president of Promoción Madrid and the Government Delegate for Economy and Employment in Madrid. "We had 7.3 million visitors last year and are the fourth most-visited city in Europe. We want these tourists to return to Madrid. We are also promoting Madrid as a business destination. Thanks to its strategic location, transport networks, and, of course, its leadership in RDI, this has been an easy process."

On an international level, ICEX is a government agency that raises awareness of Spanish brands abroad, and

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Miguel Angel Villanueva, President, Promoción Madrid

represents some 5,000 companies that export regularly. Executive vice-president Ángel Martín Acebes says: "We have launched supporting programs to certain sectors—'España, Technology for Life,' for example—and we work in embassies around the world to increase the profile of Spain and its products."

In 2005, the Zapatero administration launched an ambitious RDI program, which aimed to double public spending

in this sector. The project was hugely successful, with the budget tripled, and a number of consortiums or public-private partnerships were introduced within the multinationals, small and medium-sized (SMEs), and public research bodies.

Leading the way in the support of SMEs' quest for innovation is the Chamber of Commerce. The organization oversees 88 chambers and 400 points of service to firms in a range of sectors. "At first, we didn't think SMEs would be interested in innovation," reveals Javier Gómez-Navarro, "but we found it was the opposite. They know innovation is part of their future."

From a Regional Perspective

Representing and promoting the interests of thousands of companies based in Spain's popular north-west region of



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Galicia is Galicia Calidade, a state-controlled organization. The region has recently seen its industrial production index rise 3.6% year-on-year with exports up 9.4% from 2007. The regional government is investing €800 million in RDI between 2006 and 2010. "We want to create a portal of internationalization of our economy," says Regional Minister of Innovation and Industry, Fernando Blanco Álvarez. "We have a clear stake in globalization and are seeking new markets, particularly in Asia

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Pedro Marín Uribe
President
IDAE

and the Middle East.”

Meanwhile, in the east of the country, Valencian Community Investments (VCI) is a one-stop shop committed to highlighting the huge range of advantages available to foreign investors in the dynamic and innovative coastal region. With a large port, international airport, and excellent infrastructure, Valencia is a growing economic powerhouse and VCI is leading

the way in showcasing its rich potential and competitive advantages to global investors.

Since its creation in 2004 by the regional government, VCI has seen the region enjoy a 964% leap in foreign direct investment in 2007, compared to 2006, while that number surged a further 400% in the first part of 2008, spurred by its successful hosting of yachting’s America’s Cup. Led by general director Antonio Lis, VCI has identified four sectors in which it is already strong and can offer dynamic growth opportunities: logistics and distribution; tourism; high-added value industry; and audiovisual production.

“Our first target was to project the image of the Valencia Community to global investors who were not aware of what we have to offer,” explains Lis. “Our success has given us a dynamic image, but in a traditional way—an innovating image

of design, architecture, services, and big events.

“Those investment projects with the highest innovation factor and technological advancements are given priority. Foreign investments are important because they create jobs and generate wealth. In addition, such investments are important for technological transference, the exigency of research that they produce, and the creation of openings in new markets. We

“SMEs know that innovation is part of their future.”

Javier Gómez-Navarro, Superior Council of Cham. of Comm.

have achieved our aims by promoting ourselves internationally as an attractive place for investment in these sectors.

“The Valencian community offers investors a wide range of advantages in a modern society with excellent infrastructure and a politically-stable environment. We are a society used to doing business with honest institutions and welcoming people.”

One of Spain’s most beautiful regions, Aragón hosted the successful Expo 2008, and Aragón Exterior (AREX) represents the promotion and development of the state’s industries and enterprises. With a highly educated population of about 500,000 people, unemployment levels are low as

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the area has become one of Spain's success stories. Thanks to an influx of companies, especially those involved in automobiles, renewable energies, and communications, annual export growth rose 17.5% in 2007.

Among the global names taking advantage of Aragón's strategic location and skilled workforce are Telefónica, Accenture, Vodafone, Microsoft, Opel, and Indian car giant Tata. AREX general director, José Luis Suñén, explains: "The main role of Aragón Exterior is to support the industrialization of the companies and enterprises of Aragón, which in turn supports the region's economy.

"We are leaders in renewable energies, IT, and electronics, and support the flow of goods and services between Aragón and the rest of the world. We do not only support our companies' exports but we oversee and advise those companies that want to improve their competitiveness. In our globalized world, companies are looking for synergies: they want the best technology, and the best localization—and they find both here. Aragón offers interesting competitive advantages."

Despite global economic instability, Aragón's economy was expected to grow by nearly 5% in 2008, an upward trend that should continue in 2009.

Industry Trailblazers

Private companies continue to innovate in established areas to keep ahead of the game. Famed for its large hospitality sector, Spain may be best-known for its beach front hotels and foreign holidaymakers, but at the top end of the

market, fast-growing luxury hotel chain Grupo Hospes leads the way in five-star comfort. With a firm emphasis on health and well-being, its 12 hotels in Spain and Paris offer guests the latest in comfort through a combination of a relaxing atmosphere, stress-relieving spas, and healthy cuisine. CEO Antonio Pérez Navarro says: "We particularly target the international market, and currently 70% of our clients come from other countries."

Spain's wine sector is also performing well. Its largest quality wine maker and exporter, Domecq Bodegas, is famous for its bodegas such as Juan Alcorta and Ysios, and boasts a strong commitment to the development of the individual character and quality of wine. Owned

changed with the emergence of new market tendencies. Spain is definitely the country with the greatest potential in the wine-making industry. I believe Domecq Bodegas is where it is today due to its long experience."

Created 25 years ago as a producer of ornamental stone, Cosentino S.A. is now the world's leading producer of quartz surfaces and a major player in Spain's marble, travertine, and limestone sectors. The company, which specializes in kitchen materials, has a presence in dozens of countries around the world, including the U.S., Australia, Brazil, Italy, Mexico, Germany, and the U.K. With branches across Spain, the firm's best known brand is Silestone Quartz,

"Spain definitely has the greatest potential in the wine-making industry."

Juan Antonio Mompó, Domecq Bodegas

by Pernod Ricard—the world's second largest wine and spirits maker—the company produces a wide selection of wines and is the leading name in the La Rioja appellation.

Other leading brands include Campo Viejo, Marqués de Arienzo, and Siglo, with wine lovers able to join their clubs and benefit from special offers and gifts, while receiving the latest company news.

Domecq Bodegas is run by general manager Juan Antonio Mompó, who has worked in the wine industry all his life and is now helping extend its global reach to more than 60 countries. "The reason the wine industry is owned by families is rooted in tradition," he says. "However, being part of a multinational, we face the challenge of holding on to our tradition, but we know the business and we plan strategically. For example, our wine produced in Ysios requires at least five years of processing before it can reach the markets.

"Pernod Ricard demands profitability, so we must determine how we are going to sell future products. We do this by investing in market research to identify trends. The wine industry has

an innovative, anti-bacterial work-top that generates more than 70% of the company's total worldwide revenue and is famous for its durability and ease of maintenance.

Cosentino president, Francisco Martínez-Cosentino, says the group originally targeted the floor and facade sectors before realizing its technically advanced stone products were ideal for kitchens. "One of our successes was finding a niche market and the appropriate distribution tools," he reveals. "Now, it is possible to find our products in more than 70 countries around the world. Through innovation we have the chance to improve our product, and better meet the clients' needs."

Another Spanish firm revolutionizing its industry is biopharmaceuticals maker Zeltia—the world's leading producer of cancer treatment drugs from marine-derived medicines. "Spain is a leader in areas of cancer treatment," says president José María Fernández Sousa-Faro. "The country has positioned itself well in oncology, and will become one of the best places in Europe for such treatment." ■



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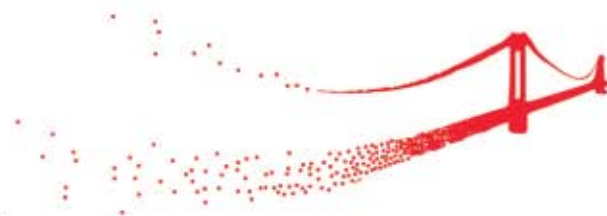
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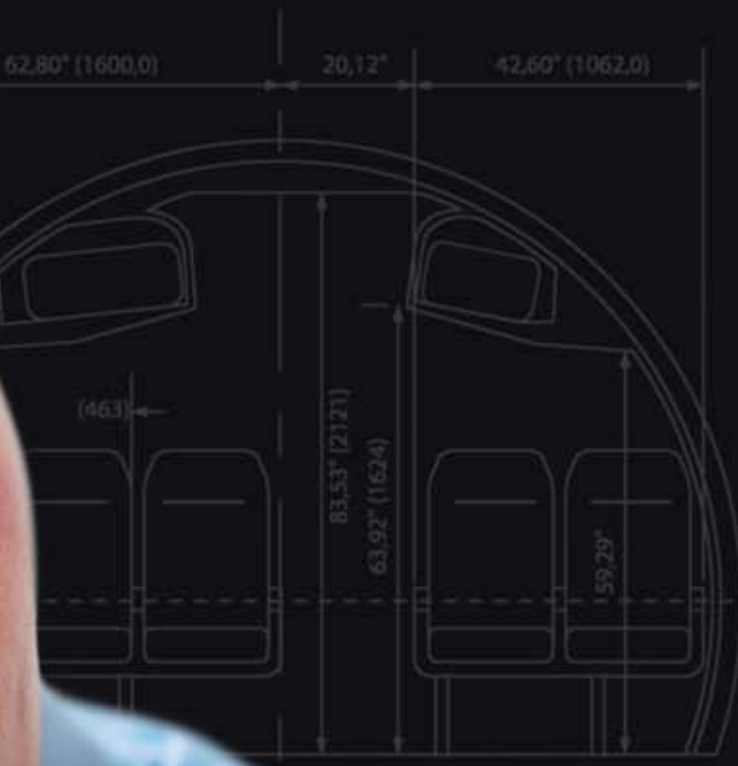
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Aleksey Gurevich, Vice-President, SSJ Programme Director



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