Competitiveness for the wellbeing of the Basque Country 2040

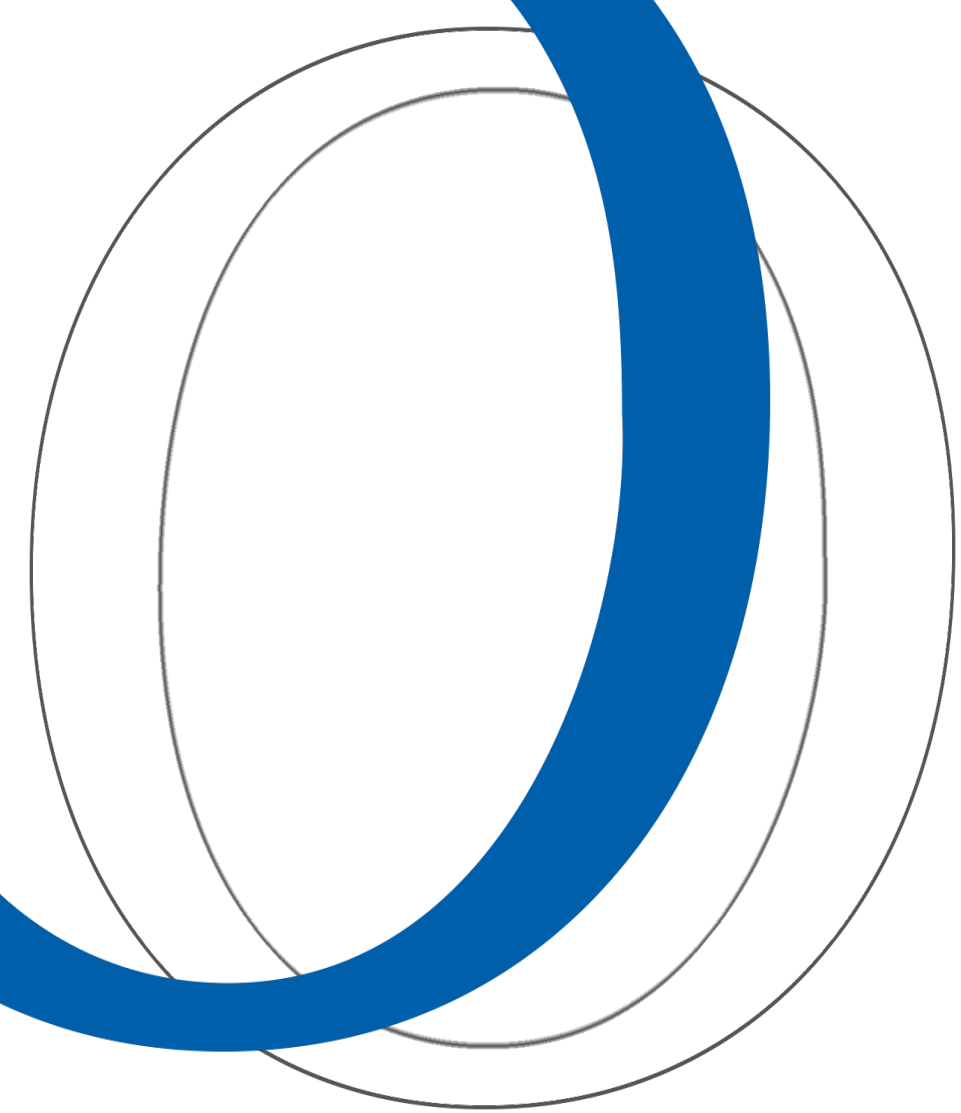
Shared Vision and Challenges: A reflexion for Action

EUSKO JAURLARITZA
GOBIERNO VASCO

Orkestra
INSTITUTO VASCO
DE COMPETITIVIDAD
FUNDACIÓN DEUSTO

INDEX

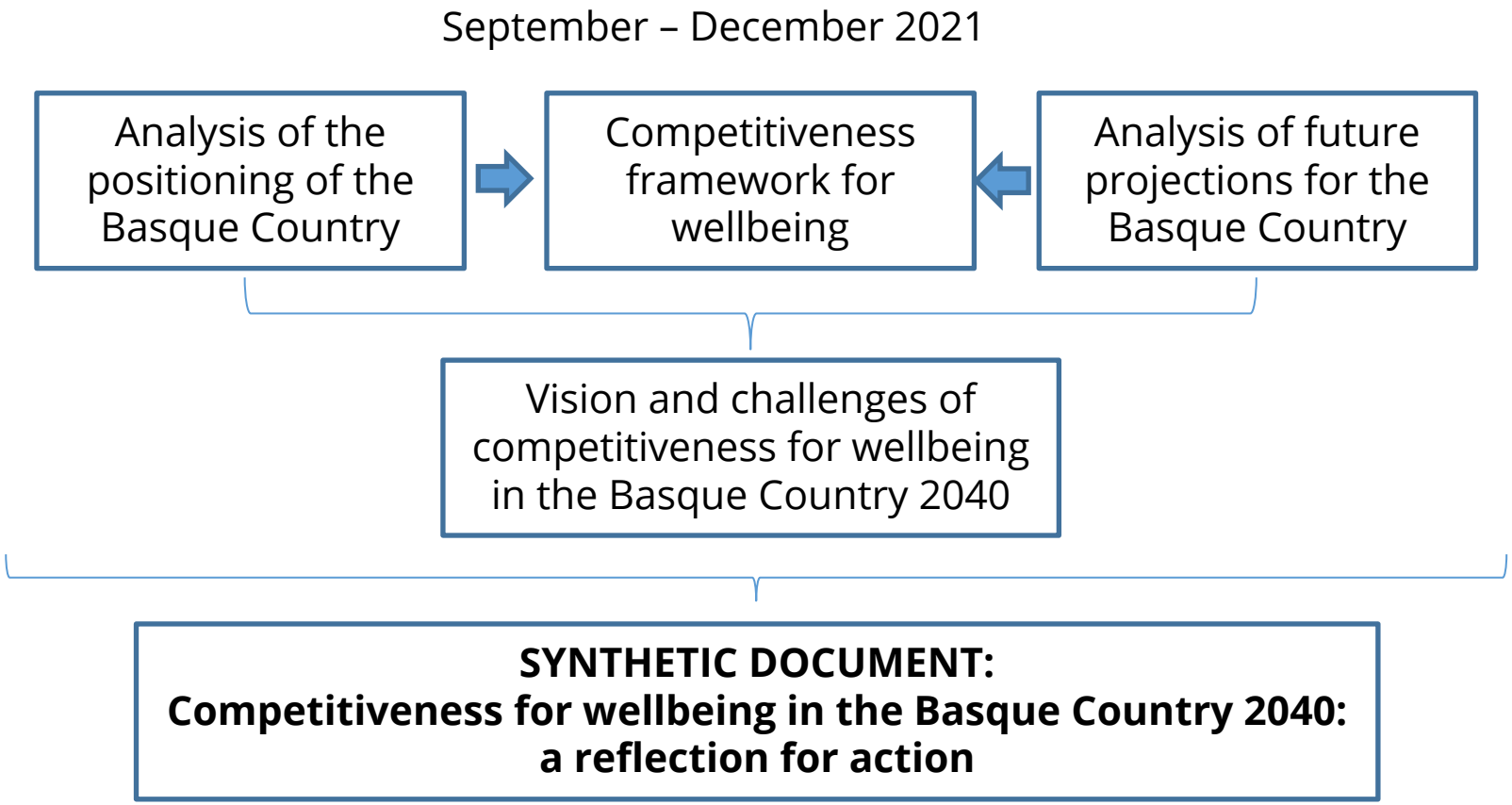
1. The process toward the identification of the challenges and actors involved.
2. Competitiveness challenges identified.



THE PROCESS

Phase 0 of the project

Building the foundations for the design of the competitiveness for wellbeing in the Basque Country for the future



Phase 1: Multi-level government process

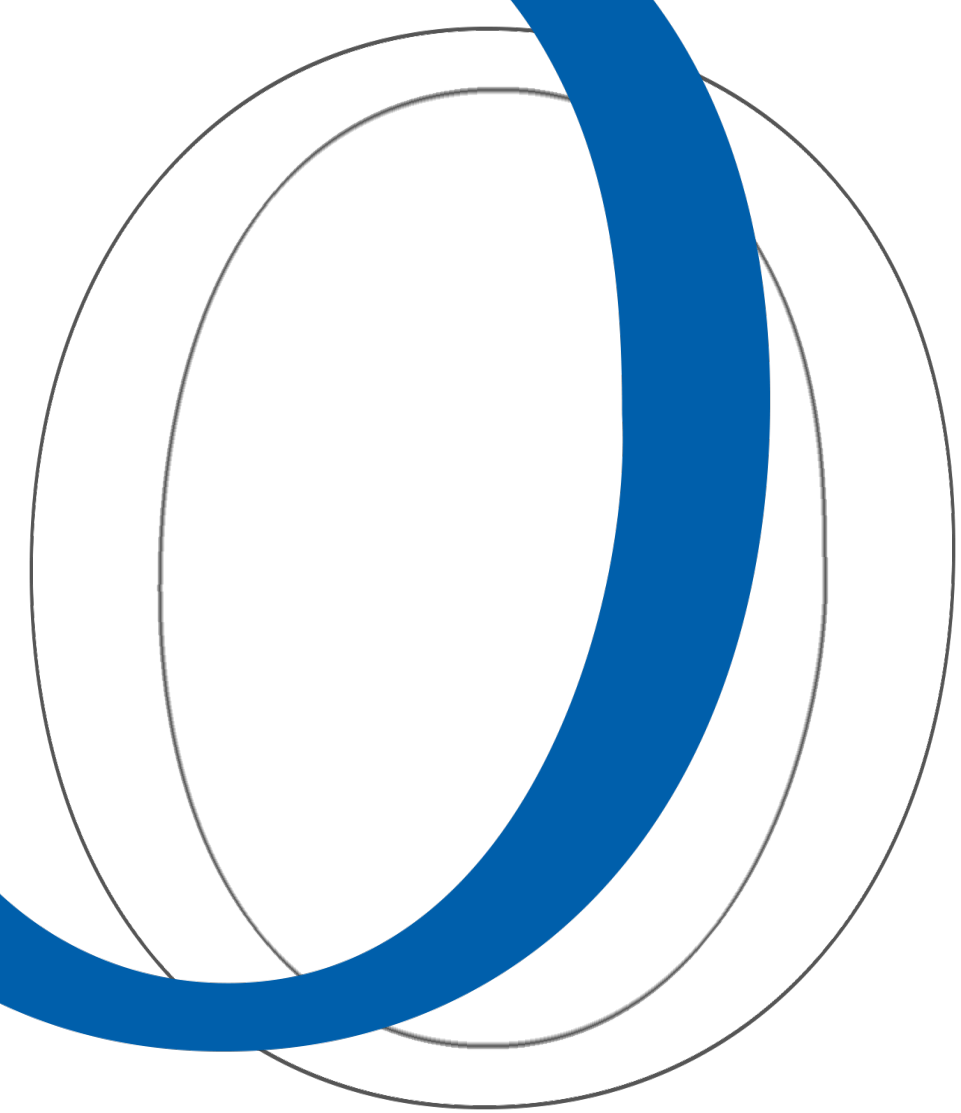
Inter-institutional session: 15 september 2022

PARTICIPANTS

- Basque president and regional government representatives
- General Deputies of the 3 Basque Provincial governments
- Mayors of San Sebastian, Bilbao and Vitoria-Gasteiz
- Orkestra

Phase 2 of the project

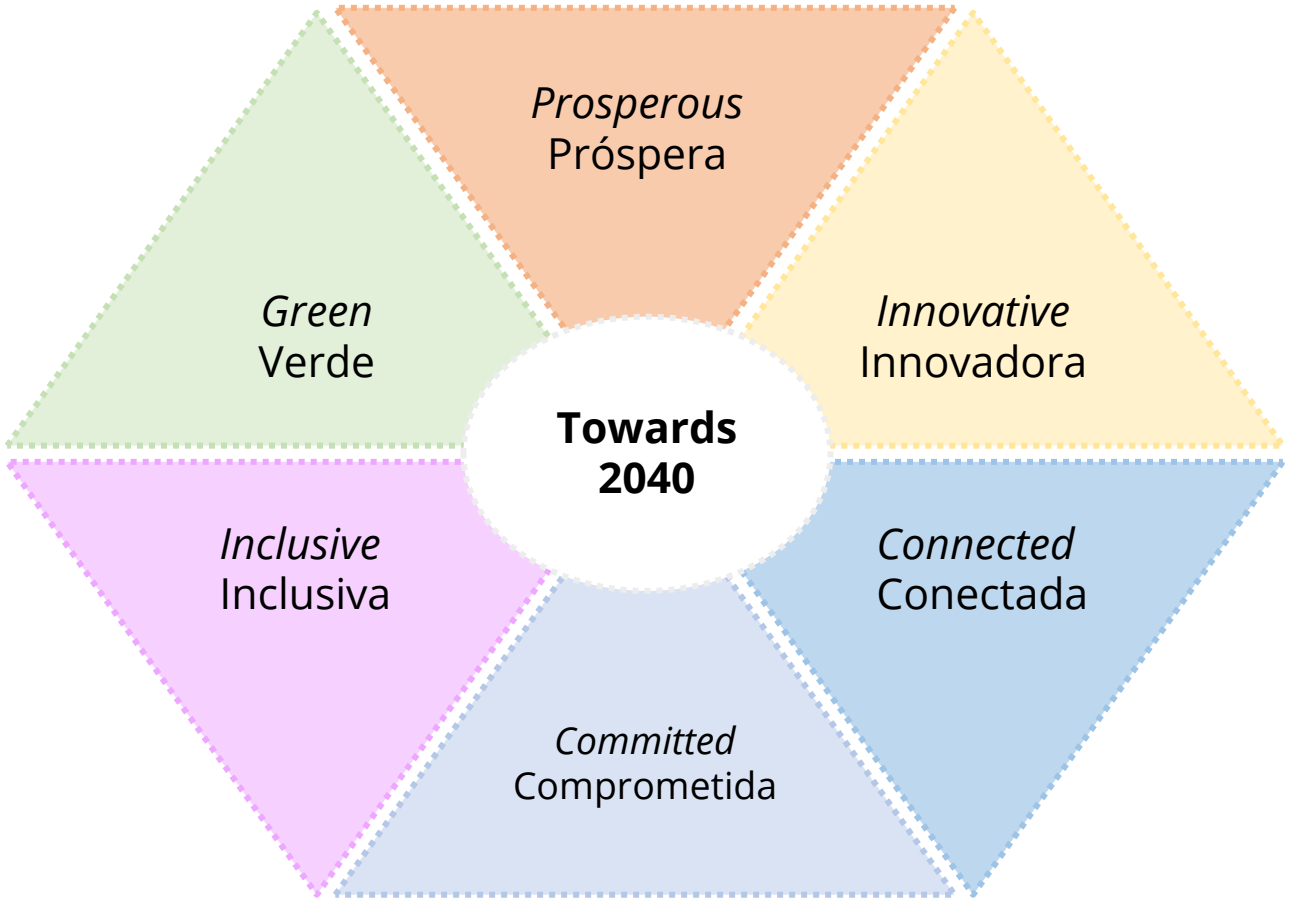
Continuous contrast with socioeconomic actors



COMPETITIVENESS CHALLENGES

Where are we?

Vision Euskadi 2040



Vision of Euskadi 2040 | Competitiveness challenges

Prosperous
Próspera

- Guarantee **economic sustainability**:
  - Allowing room for future investment in both tangible and intangible assets (including innovation).
  - Maintaining sustainable levels of indebtedness (public and private), which allow public services to be financed as well as having the financial capacity to invest in strategic projects.
  - Balance of payments maintained within reasonable parameters.

- Foster **productive diversification related to existing capacities,** generating new activities and taking advantage of new opportunities arising from transitions such as the technological-digital (e.g., the Basque Country as a supplier of Industry 4.0), energy-climate (circular economy, bioeconomy...), and socio-demographic (including silver economy).

- Generate **quality employment** (stable and adequately paid), mainly for young people, taking into account emergent forms of labour relations.

- Develop **capacities and lifelong learning**.
  - Promote **"ad-hoc" training systems** (similar to Denmark, Finland, Austria, and even Germany), which make it possible for those affected by automation, robotisation and digitalisation to spend as little time as possible unemployed and to find new work
  - **Adapting skills** to the needs arising from major transitions, tackling **overqualification** issues.
  - **Develop, attract and enhance talent** (understood in a broad sense) by offering opportunities for professional development, including establishing a pact for talent at territorial level.

- Manage **generational succession** and knowledge transfer, both in companies and public administration. Work on the elements of the ecosystem (beyond taxation) to attract business projects that generate competitiveness and wellbeing.

- **Reduce dependency and promote strategies to ensure self-sufficiency or sourcing** (European value chains, etc.) in the **fundamental** economy (health, care, energy, agri-food sector, etc.).

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Vision of Euskadi 2040 | Competitiveness challenges

Innovative
Innovadora

- Approach **innovation** from a **holistic perspective, incorporating demand as a key element.**
  - In combination with technological innovation, encourage innovation that is non-technological, social, organisational, etc.
  - Increase the percentage of innovative SMEs (both in product and process) and enhance the spillover effects from lead companies to SMEs.
  - Strengthen the user and civil society perspectives on innovation.
  - Innovate in financing models: find non-traditional ways (bank or otherwise) to finance the intangible assets and disruptive transformation needed for the future.
- Support **digitalisation**, as a cross-cutting element, to add value to the economy and society as a whole.
- Innovate the **public sector and make it fit for the challenges of the future.**
  - Administration that supports the operational functioning of companies, eliminating unnecessary bureaucracy, improving accessibility and proximity to citizens, and speeding up decision-making (e.g., in environmental inspections, licensing, etc.).
  - Bring talent into the administration.
- Understand development as **continuous transformation**:
  - Modernising industry towards more value-added activities (industry and advanced services linked to industry), with a strategy for the advanced industries and services that should be encouraged.
  - Redirecting activities and sectors towards areas with greater intangibility (servitisation of durable goods) and intensive in knowledge.
  - Preserving the generation of wealth and wellbeing in non-market areas: the family, the community and the public sector; and, within the market economy, the so-called fundamental economy.

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Green
Verde

- **Effectively and orderly promotion of decarbonisation** in sectors such as industry, transport and residential. This means transforming industry to have a zero environmental impact, while remaining competitive.
  - Advance towards the **energy mix model of the future** to which we aspire, within the framework of European action.
  - Strategically prioritise which **technologies** are needed to decarbonise the economy in the different sectors and which infrastructures should be developed.
  - Define **compensation mechanisms** to mitigate the impact of decarbonisation on the most affected economic sectors and the most vulnerable segments of the population.
  - Ensure an **orderly transition** and establish ways to manage conflicts and competing interests.
  - Promote **renewables** and smart energy grids.
  - Further develop mechanisms and instruments such as **green taxation** to accelerate the transition.
  - Generate added value activities around the **circular economy, the blue economy and the bioeconomy**.
  - Generate greater economic value and knowledge linked to **environmental management, ecosystem recovery** and **biodiversity** maintenance.
  - **Continue the recovery of industrial land** and its rehabilitation for use.
- Redirect **demand** towards more sustainable consumption patterns (local consumption, waste reduction, sustainable mobility, etc.).
  - Raise awareness of the **ecological transition as an investment** to improve quality of life: training, environment, health, environment, etc.
  - Develop strategies that generate greater **certainty in the user's purchasing decisions.**
- Include the **life cycle and process analysis** perspective in decision-making, measuring the environmental impact of each activity in all value chains and sectors and in consumption processes.

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Inclusive
Inclusiva

- Continue to offer **quality public services** associated with welfare (especially education, social and health systems) that guarantee equal opportunities for all people, seeking a **balance** in the economic sustainability of the system
  - Adopt a healthcare approach that prioritises prevention.
  - Improve the interaction between health and social systems.
  - Eliminate excessive access burdens (e.g., bureaucratic).

- Tackle **inequalities** of wellbeing in society and the divisions that can result from major transitions (in particular by supporting the losers in these transitions)
  - Address inequalities at a vertical level (unequal distribution of wealth) and horizontal level (between different groups, by age, origin, disability, etc.), incorporating the intersectional perspective in public policies.
  - Pay particular attention to the inclusion needs of immigrant groups (including 2nd and 3rd generations), which are expected to increase and will be key to achieving a competitive model in view of the demographic transition.
  - Strengthen territorial cohesion and reactivate the Preferential Action Zones (ZAP).
  - Promote the **effective inclusion of vulnerable groups through quality employment** (importance of maintaining the middle class) and/or other forms of participation in society.
- In view of the aging of the population and increasing dependency rates, adapt the **care system** (both ownership and management), also addressing loneliness issues to ensure the wellbeing of all citizens.

- Promote **reconciliation measures** that allow the family to play a role in care. Support access to decent **housing** at an affordable price, particularly for young people who, being outside the limits of public housing, cannot access the free market. Furthermore, in view of rising immigration rates, it is important to put in place mechanisms to avoid phenomena such as "ghettoisation".

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Vision of Euskadi 2040 | Competitiveness challenges

Committed
Comprometida

- **Promote social values to strengthen the competitiveness model for inclusive and sustainable wellbeing.**
  - Encourage proactivity, collective commitment and entrepreneurial attitude of new generations, in order to maintain wellbeing, also working to highlight these values in the **media** and promoting them in **families** and in the **education system.**
  - Emphasise the value of work and effort as the basis for individual wellbeing and commitment to collective wellbeing.
  - Reinforce an **ethical dimension** in education, to train individuals with integrity who, particularly in areas such as artificial intelligence, big data, etc., can discern decisions that are valid from a human rights perspective, prioritising **democratic** and **collective** values.
  - Reinforce the recognition of entrepreneurship and a critical, open and creative mindset.
- Maintain and promote a **unique and dynamic identity** of the Basque Country that generates a sense of community, that includes its own social values and culture, and that is open to an increasingly interconnected and globalised world.
- Generate spaces for **collaborative and multilevel governance:**
  - Deepening **public-public collaboration**, clarifying the distribution of competences and increasing willingness to cooperate in shared competences, in order to improve institutional efficiency and the territory's vocation.
  - Promote public-private and community collaboration to tackle different challenges of the Basque Country.
  - Strengthen the image of public administration as an ally for promoting competitiveness for wellbeing and not as a mere provider of services.
- Strengthen the **commitment of companies, organisations and institutions** to boost competitiveness for inclusive and sustainable wellbeing. A humanistic and social economy "with a face and eyes".
- Promote a change in the culture of **worker-employer relations** towards an understanding of business projects as **shared projects**, generating mechanisms that facilitate the participation of workers in the company.
- Favour the development of **lead Basque business groups**, who are internationally relevant, and the **maintenance of the decision-making centres** that help to boost competitiveness for the wellbeing of the Basque Country.

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Vision of Euskadi 2040 | Competitiveness challenges

Connected
Conectada

- To promote the **positioning and active role of the Basque Country in Europe** in matters related to the competitiveness and wellbeing of the regions and as an ally in the construction of Europe (not only in economic matters but also in the construction of culture, values and human rights)
- To turn the Basque Country into a **benchmark** as an active, enterprising and supportive agent on the international scene, through the export of its successful development models (clusters, vocational training, etc.). To this end, it will be essential to make the best use of existing networks and icons.
- Continue to promote the internationalisation of Basque companies by strengthening their position in **emerging countries** with high growth potential and applying strategies to create shared value in line with the Basque competitiveness model**.**
- Strengthen the **internationalisation** of all actors in the **R&D** system (universities, CCTT, CICs, BERCs, etc.).
- Develop a strategy with the **diaspora and with the Basque Government's external network** so that they contribute value in tackling the challenges faced by the Basque Country, such as the challenge of demographic transition, collaborating in attracting talent….
- Continue to reinforce the **internal connection of the different actors in the Basque Country.**
- Develop the **key physical infrastructures** (energy, digital, mobility…) that will help in connection inside and outside of the Basque Country.

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