

CUADERNOS ORKESTRA

ISSN 2340-7638

 <https://doi.org/10.18543/RTWM2847>

COOPERATION IN THE ATLANTIC AXIS: THE CONTRIBUTION OF THE SOCIO- ECONOMIC ACTORS TO COMPETITIVENESS AND REGIONAL WELLBEING

EXECUTIVE SUMMARY

No. 03/2025

 <https://doi.org/10.18543/UUWT2440>

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CUADERNOS ORKESTRA, no. 03/2025. Executive summary.

ISSN 2340-7638

 Collection: <https://doi.org/10.18543/RTWM2847>

 Notebook in Spanish: <https://doi.org/10.18543/IUPK3116>

 Executive summary in English: <https://doi.org/10.18543/UUWT2440>

 Executive summary in Basque: <https://doi.org/10.18543/KDFN4181>

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Executive summary

In the last two years, initiatives promoted by political and socio-economic actors have gained momentum, calling for the recognition of Atlantic needs, as well as the creation of an Atlantic Macroregion as a cooperation mechanism to respond to them. Macro-regional strategies are built on the basis of the common needs and challenges of the geographical area in which they are deployed, and their development depends on the actors in the territory who put cooperation into practice

Strengths and weaknesses in the Atlantic priorities

The analysis of the current situation of the territory in terms of the five priorities of the Macroregion reveals the following strengths and weaknesses:

An innovative and sustainable Atlantic economy

- Fragmentation of capacities: The geographical fragmentation of innovation and production capacities in Europe is also a reality in the Atlantic Axis. It is therefore necessary to continue efforts to facilitate scalability and achieve critical mass through cooperation between the Atlantic regions.
- Demographic challenge: The ageing of the population in the Atlantic Axis, and in particular in regions such as Asturias, Alentejo and Galicia, entails the need to meet the increased demand for social services and minimise the adverse effects on the labour market, productivity and economic growth.
- Economic and innovation inequalities: There are differences in GDP per capita and innovation capacities that need to be considered when boosting research and development efforts. Regions such as Galicia, Asturias and Andalusia lag behind economically. However, the innovative capacity of the Basque Country, Navarre, Lisbon and Northern Portugal, as well as the weight of knowledge-intensive services in the French regions, can be catalysts for innovation.
- Strengths in digitalisation and connectivity: The high digitalisation of the Atlantic regions provides a basis for moving towards an innovative economy.
- Development of green technologies: Although the percentage of green patents in these regions is low, there are opportunities in territories such as Cantabria, Asturias, Alentejo and Andalusia to lead in sustainable innovation.

An interconnected Atlantic area

- Connectivity and access: The Atlantic Corridor connects peripheral and central regions of Europe through networks that include ports, airports, intermodal terminals, roads and railways. However, regions such as Galicia, Asturias, Alentejo and Northern & Western Ireland face limitations in connectivity, both by road and rail. French regions and the Basque Country show weaknesses in rail transport access, and Bretagne especially in air transport.
- Rail bottlenecks: Improving cross-border continuity and efficiency of rail infrastructure is crucial. This includes the development of high-speed links, the modernisation of traditional

lines and the promotion of the Atlantic rail motorway, better linking the Atlantic Corridor with other trans-European corridors, such as the Mediterranean, North Sea-Mediterranean and Alpenrheintal corridors.

- Energy infrastructure for decarbonisation: The development of green hydrogen infrastructures is key to the energy transition. These facilities must connect production and demand centres, guaranteeing a secure and competitive supply in an energy market in which the Atlantic Axis will play a central role.

An Atlantic area resilient to climate change

- Shared natural resources: The Atlantic Ocean, together with common natural areas and ecosystems, are exposed to the effects of climate change. This requires a coordinated inter-regional approach to mitigate biodiversity loss and combat ocean pollution. Interregional coordination can facilitate the implementation of joint climate policies that can address the challenges in an integrated and efficient manner.
- Environmental performance: The Atlantic Axis performs well in terms of air and water quality compared to the European average, with considerable variation between regions. The more peripheral regions such as Northern & Western in Ireland, Galicia, Cantabria and Northern Portugal generally perform better than the rest. There is also a correlation between air quality and population health, and this relationship is particularly negative in Cantabria, Asturias, the Basque Country and Andalusia.
- Innovation capacities in sustainability: Achieving a more resilient economy depends in part on the territory's capacity to develop sustainable proposals, for which the capacity of the Atlantic regions to innovate in sustainable products and services is fundamental. The strategic development of areas such as the circular economy or green skills are crucial factors in working towards a more resilient economy in the face of climate change. Regions such as the Basque Country, Navarre, Northern Portugal and Lisbon stand out in high-tech manufacturing activities and R&D investments, positioning them as drivers for the development of sustainable and resilient solutions.

Social and cultural cohesion in the Atlantic area

- Different wellbeing models: The Atlantic Axis is made up of regions belonging to five countries with three different wellbeing models. The Continental model (France), which emphasises employment as the basis for social transfers so that benefits are linked to income; the liberal or Anglo-Saxon model (Ireland), which emphasises the responsibility of individuals for themselves, with lower social transfers than in other countries, more targeted and measured; and the Mediterranean model (Spain and Portugal), where the low level of social transfers is partly compensated by the traditional support of family networks.
- Different levels of social cohesion:
 - Persistently high at-risk-of-poverty and social exclusion rates in regions such as Northern & Western Ireland, Asturias, Northern Portugal and Galicia; although with a downward trend in the Atlantic Axis as a whole.

- High unemployment - especially among young people and women - limits social cohesion, although with a positive trend mainly in the Spanish regions.
- Basic education scores are below the EU average in regions such as Andalusia, Alentejo, Galicia and Asturias.
- High level of tertiary education and or lifelong learning in regions such as the Basque Country, Navarra, Cantabria and Lisbon, which favours the formation of a key workforce to drive growth and contribute to the rest of the Atlantic priorities.
- Labour market structure: Structural weaknesses in the labour market, such as high unemployment rates, low productivity and gender disparities, affect the ability to attract and retain talent in Spanish regions.
- Market size: The market size of the Atlantic Axis restricts the ability of firms to take advantage of economies of scale, attract large investments and encourage entrepreneurship.

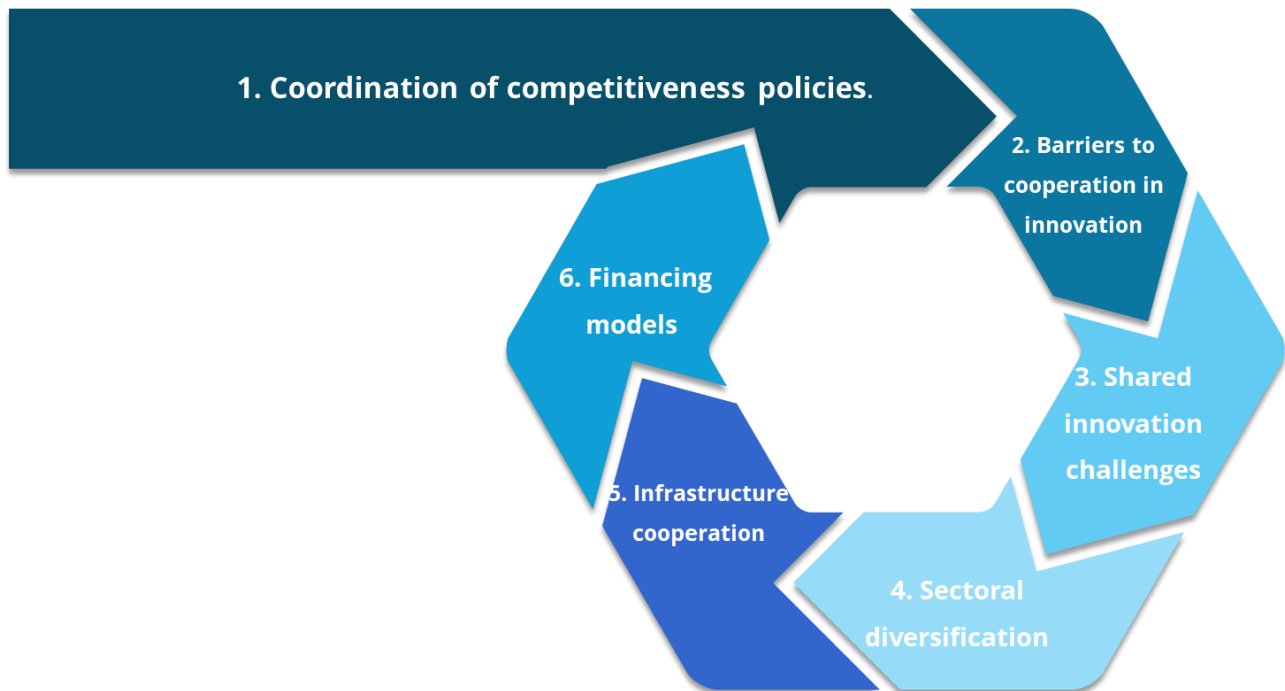
Improving governance and cooperation in the Atlantic area

- Trust in institutions: One of the strengths of the Atlantic Axis is the high level of trust in institutions and governance. As there is a certain level of trust in institutions, this could be indicative of the existence of social capital on which to build governance also for the Atlantic Axis.

Opportunities for socio-economic actors

The socio-economic actors of a territory are the entities that interact within its economic and social system, influencing and being influenced by its dynamics. Typically, these actors include enterprises and clusters; universities and research centres; governmental institutions; non-governmental organisations (NGOs); and civil society.

There are several opportunities for socio-economic actors to transform and generate a real and positive impact on the competitiveness and well-being of the Atlantic Axis. These transformations are aimed at moving from the current context of the Atlantic Axis to a more advanced and beneficial state.



1. *Increasing coordination of competitiveness policies*

Improving governance is key, as meeting the challenges of the territory will require efficient coordination between areas such as investment (FDI), taxation and education (e.g. to promote labour mobility initiatives), among others. The Atlantic territory has a good institutional base that facilitates such coordination. This also implies overcoming isolated approaches, recognising the interactions between challenges, for example between technological innovation and environmental quality. Socio-economic actors can also set in motion interregional cooperation dynamics aimed at mobilising organisations with limited capacities for collaboration, such as small businesses.

2. *Overcoming barriers to innovation cooperation*

Boosting cooperation in R&D&I is essential to make progress in improving competitiveness and wellbeing in the Atlantic Axis, for example, through the creation of cross-border clusters. To advance in this collaboration, it is crucial to understand and design strategies to overcome institutional, social, cognitive and technological barriers to business innovation in strategic areas such as the environmental improvement of the Atlantic coastline or marine energies. Actors should work on aligning the needs and capacities present in each region to design more effective cooperation, rooted in common priorities. In addition, combining *top-down* approaches with *bottom-up* initiatives will allow for the identification of joint niches of opportunity.

3. *Pursuing shared innovation challenges*

The Atlantic Axis presents a regional diversity in innovation capabilities, with regions such as the Basque Country, Navarra, Lisbon and Northern Portugal standing out for their levels of R&D investment and technological absorption, while other regions with lower investment show

strengths in specific areas, such as knowledge-intensive services (the French regions) or green technology capabilities (Cantabria).

Cooperation in R&D&I can enable advanced regions to act as *hubs* for technology transfer to less developed regions, especially in the blue economy and climate transition, strategic areas of development in the territory. In addition, they can drive collaboration initiatives between universities and training centres, reducing educational gaps and strengthening human capital in less developed regions. Relying on the regions' network of knowledge and technology infrastructures will be essential to boost competitiveness and foster interregional cooperation in innovation.

4. *Diversifying the sectoral structure*

Three emerging sectors have been identified as an opportunity to boost the sectoral diversification of the Atlantic Axis. Both blue tourism and the Way of St. James are presented as strategic elements to revitalise local economies and preserve the cultural and natural heritage of the Atlantic Axis, integrating digitalisation and innovation. Decarbonisation, the third emerging sector, implies leading the transition towards clean energies, with a focus on technologies such as hydrogen, to reduce dependence on fossil fuels and maintain European competitiveness, guaranteeing benefits for both industry and consumers.

5. *Strengthening cross-border infrastructure cooperation*

It is critical to support and participate in initiatives in favour of the elimination of bottlenecks and the commitment to investment in transport, energy and digital infrastructures, aimed at improving rail interoperability and the efficiency of multimodal transport. This includes support for projects such as the Trans-European Transport Network TEN-T or the active promotion in local, national and European forums of infrastructure investments for the territory.

6. *Developing innovative financing models*

Mobilising finance is key to driving all the transformations described above. To facilitate the transition towards a sustainable economy, socio-economic actors can develop the field of knowledge and collaboration incentives, which, together with other incentives such as economic, fiscal and regulatory incentives, are critical to activate investments in clean technologies. For example, the case of the knowledge incentive involves working to promote R&D consortia that integrate universities, technology centres and companies to develop clean technologies or platforms for the exchange of knowledge and experiences in the adoption of these technologies. Other financing models include public-private financing schemes, integrating new actors such as non-profit entities, innovation networks, or business consortia in key sectors.



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