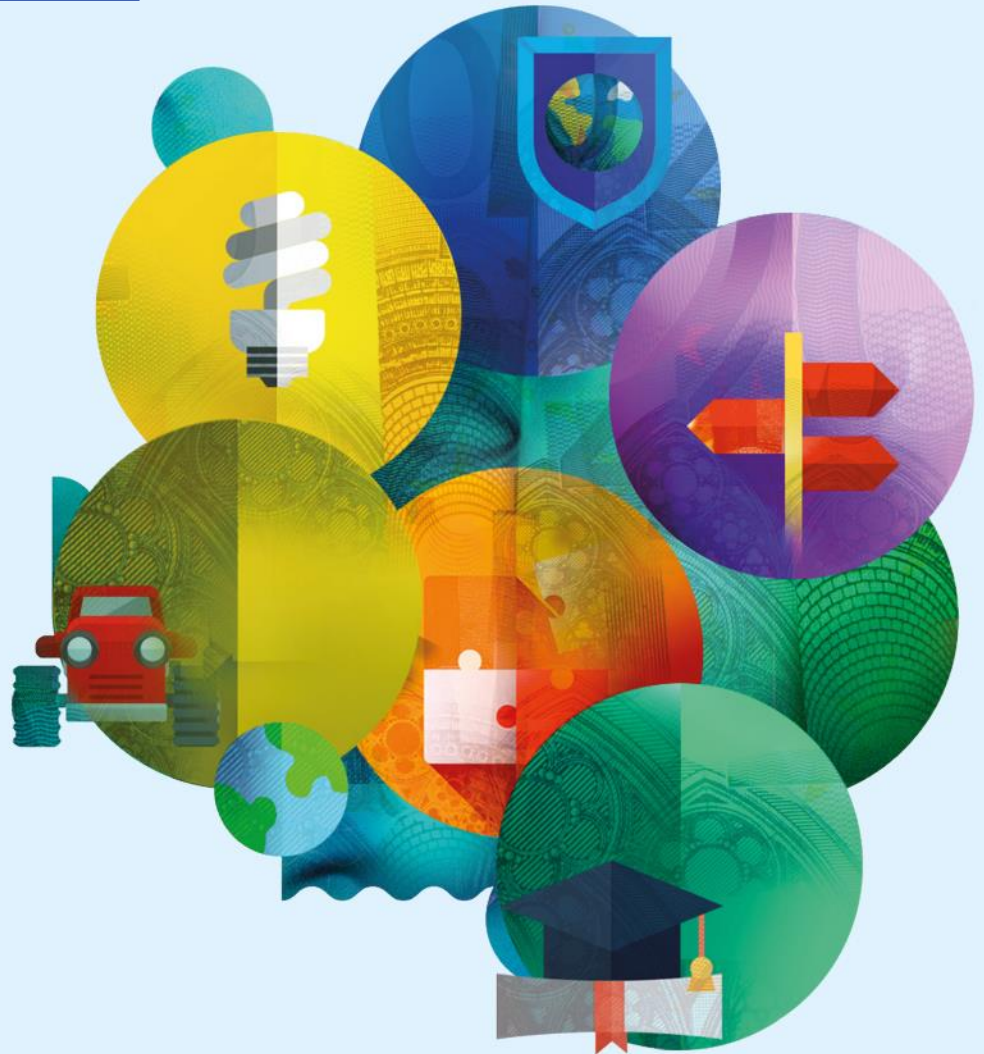


Regions in Industrial Transition

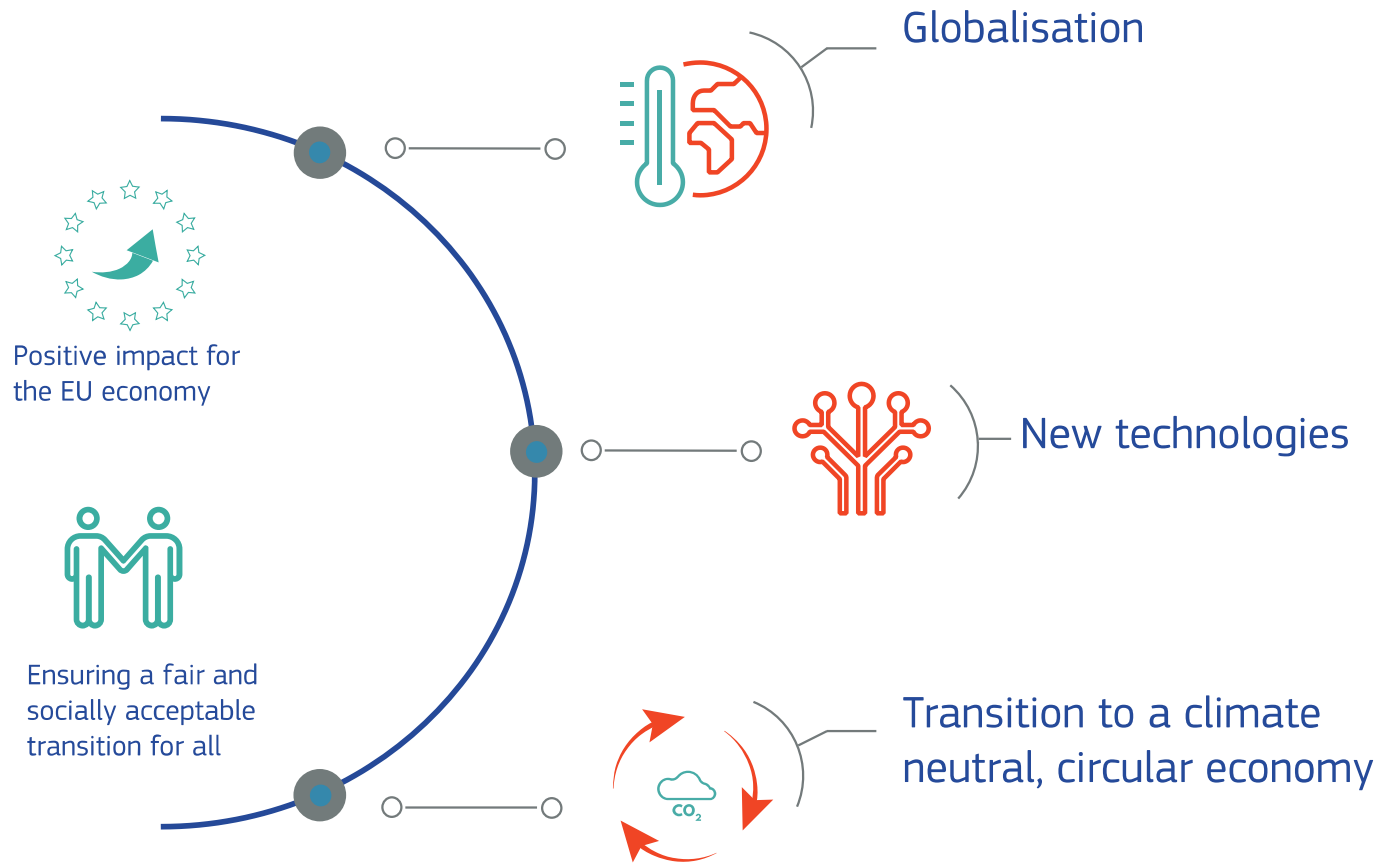
Enrico MARESCOTTI

Unit G2 Portugal and Spain
DG Regional and Urban Policy

Brussels, 30 June 2020



Why does transition matter?



What are the different types of transition?

Regions in transition

	INDUSTRIAL TRANSITION	JUST TRANSITION	SUSTAINABILITY TRANSITIONS
EU OBJECTIVE	Share the benefits of globalisation and technological change	Support people and regions most affected in the transition to climate-neutrality	Climate-neutral, circular economy by 2050
ROLE OF COHESION POLICY	Innovate and transform regional economies to benefit from economic and technological changes	Mitigate social and economic impacts by supporting alternative economic development and assist people changing jobs (notably in coal and carbon-intensive regions)	Improve the capacity of regions to achieve long-term EU goals for climate/energy and environment
INVESTMENT AREAS	PO 1 ERDF (incl. R&I, skills, advanced manufacturing) through smart specialisation	Just Transition Fund (incl. economic diversification, reskilling, modernisation of declining/transforming sectors)	PO 2 ERDF/CF (incl. capacity-building for authorities)
COMMON	<ul style="list-style-type: none"> ▪ About adjustment and change ▪ Strong focus on innovation and deployment across businesses, society and the environment ▪ Strong place-based dimension, where problems are concentrated ▪ A fair and socially acceptable transition for all 		

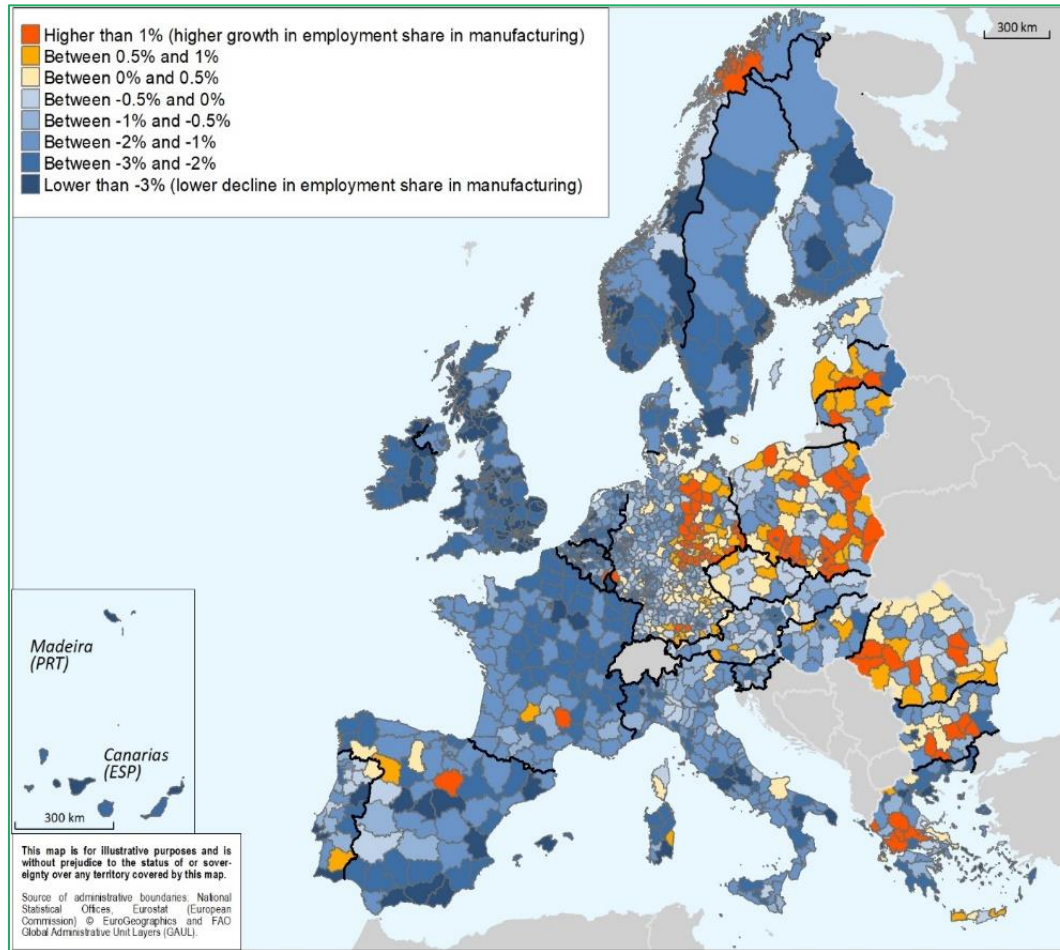
All types of region are facing industrial transition challenges and have distinct needs

- Key features of industrial transition

- a heritage of traditional (often carbon-intensive) activity in industry and services (from extraction, to production, to distribution and logistics)
- a skills base in traditional occupations (but a lack of future-oriented skills)
- developed knowledge-generation and diffusion systems in established industries
- productivity and investment opportunities largely derived from traditional industry fields
- geographical concentration of problems
- lack of diversification opportunities

Industrial transition is not spread evenly across space

Percentage change in employment shares in manufacturing, 2000-2016



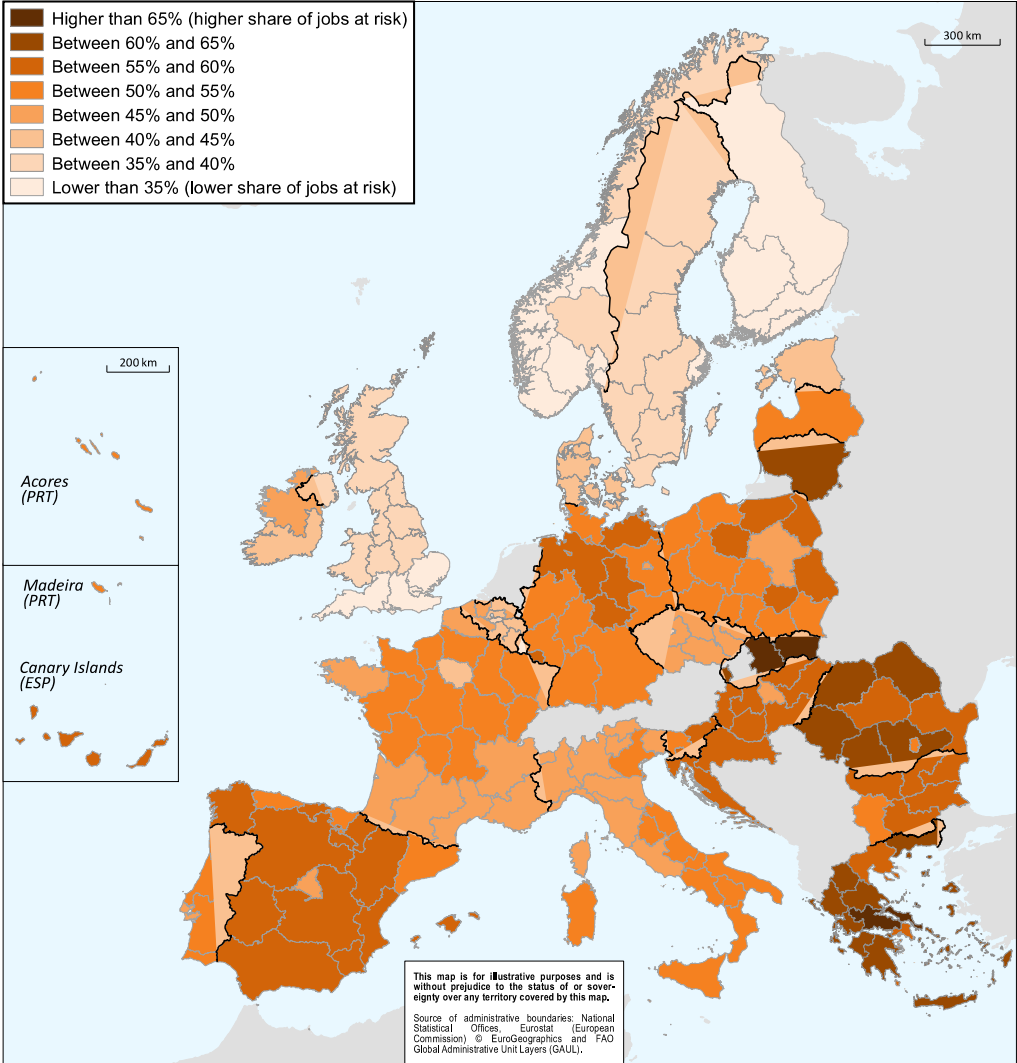
Source: OECD Regional Statistics Database

- The employment share in manufacturing grew mostly in Eastern European regions and declined for the majority of Western European regions, but variations in changes in employment shares in manufacturing exist also within Western European countries.
- In some regions, there is a shift from traditional manufacturing to high-quality, service-oriented industrial production.

But the future holds challenges as well..

Figure 2.1. Risk of automation across European TL2 regions, 2016

Share of regional workers at risk of job automation higher than 50%



Key policy challenges for industrial transition

1. Preparing for the jobs of the future
2. Broadening and diffusing innovation
3. Promoting entrepreneurship and private sector engagement
4. Transition to a climate-neutral economy
5. Promoting inclusive growth

Testing new approaches

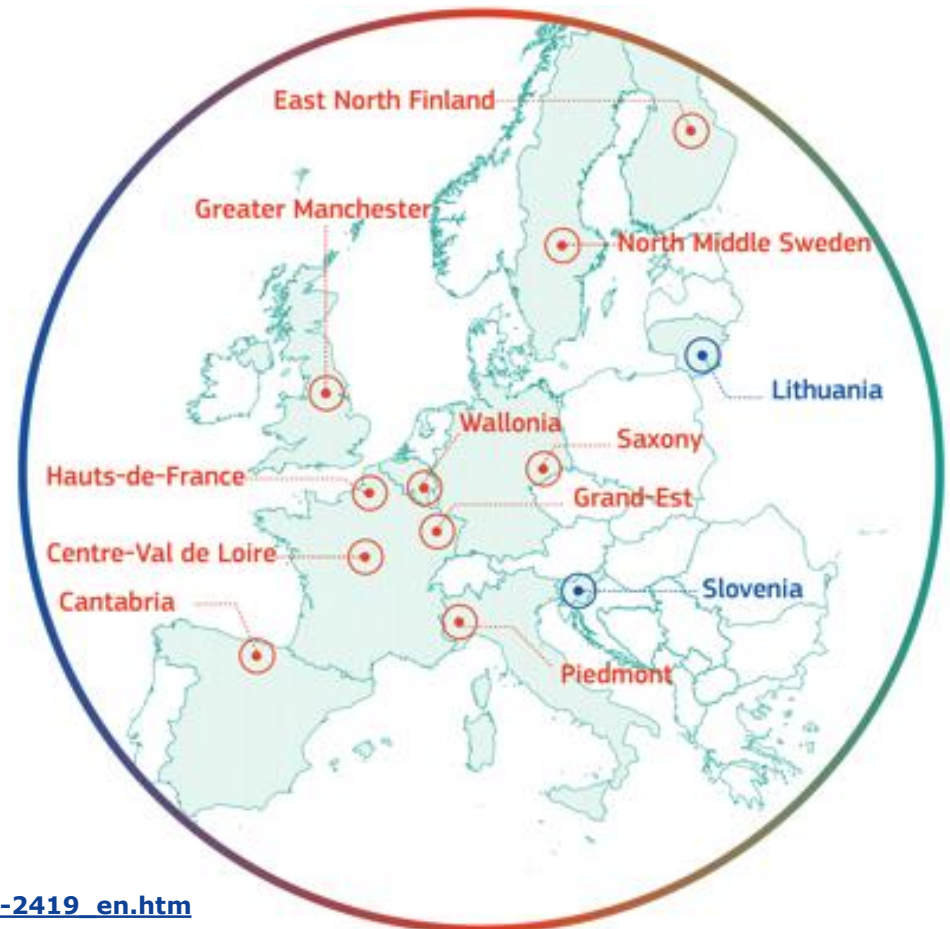


Middle-income regions:

- lack of appropriate skill-base
- high unit labour costs
- de-industrialisation
- unable to attract extra-regional investment
- weakness in the capacity of exploiting funding opportunities

Development of a comprehensive strategy for economic transformation

- 10 regions & 2 countries selected via call for expression of interest
- Broad innovation and inclusive growth building on smart specialisation strategy
- Multi-sectoral focusing on jobs, industrial sectors, business models, economy and society as a whole
- Addressing globalisation, automation, decarbonisation, emerging and digital technologies, skills and investment



Support to pilot regions

Strand 1

- Peer review meetings with the OECD in 2018 along the key challenges of industrial transition

Strand 2

- Expert contracted by the Commission who worked closely with the region on their enhanced S3 and on design of the « high impact action »

Strand 3

- A grant of EUR 300,000 to « high impact action » to experiment, test and develop new approaches

Examples of High-Impact Actions



PREPARE THE JOBS OF THE FUTURE



Centre-Val de Loire (FR)



**MANAGE THE ENERGY AND CIRCULAR ECONOMY
TRANSITION AND ENSURE A FAIR AND INCLUSIVE
LOW-CARBON & CIRCULAR ECONOMY TRANSITION**



Norra Mellansverige (SE)

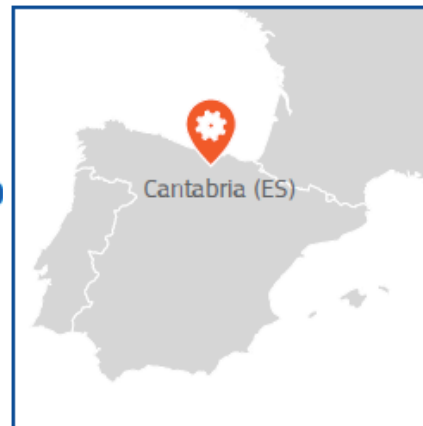
Examples of High-Impact Actions



**PROMOTE ENTREPRENEURSHIP AND MOBILISE
THE PRIVATE SECTOR AS A KEY FACTOR FOR
SUCCESSFUL INDUSTRIAL TRANSITION PROCESS**

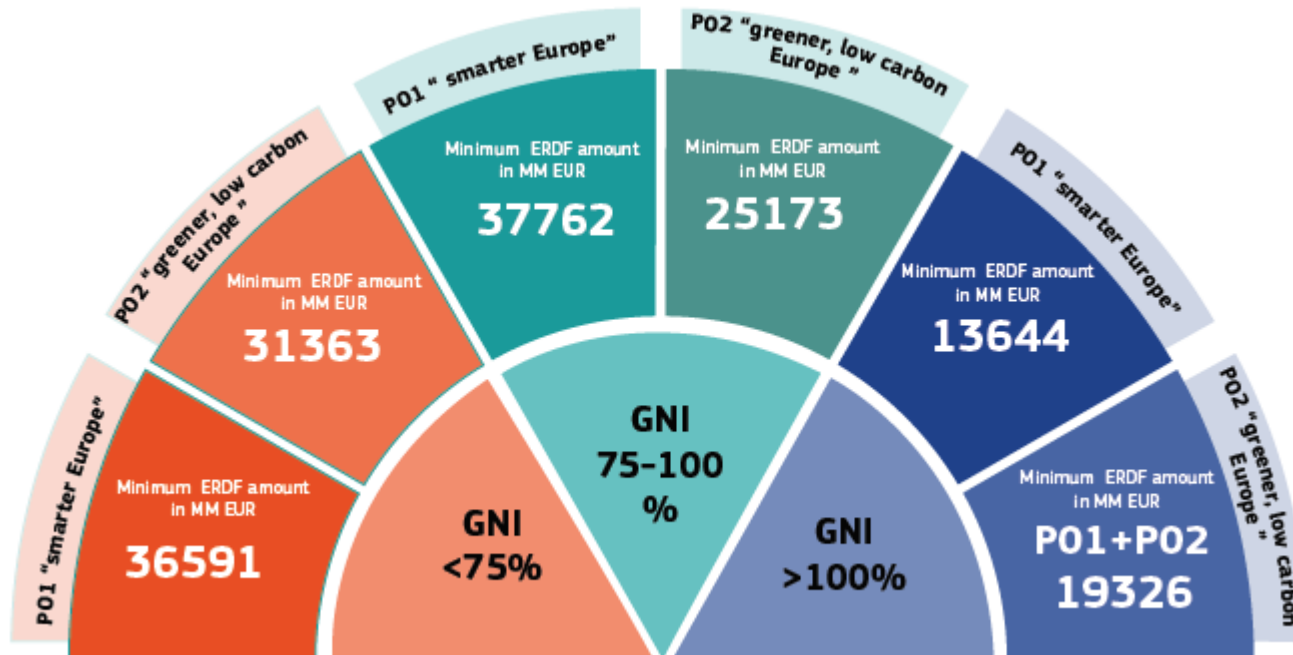


**SOCIAL INCLUSION AND INNOVATION GO HAND
IN HAND**



Lessons learned

Strengthening Cohesion policy support for industrial transition post-2020



Enabling condition for smart specialisation

Policy objective	Specific objective	Name of enabling condition
1. A smarter Europe by promoting innovative and smart economic transformation	ERDF: All specific objectives under this policy objectives	Good governance of national or regional smart specialisation strategy
Fulfilment criteria for the enabling condition		
<p>Smart specialisation strategy(ies) shall be supported by:</p> <ol style="list-style-type: none"> 1. Up-to-date analysis of bottlenecks for innovation diffusion, including digitalisation 2. Existence of competent regional / national institution or body, responsible for the management of the smart specialisation strategy 3. Monitoring and evaluation tools to measure performance towards the objectives of the strategy 4. Effective functioning of entrepreneurial discovery process 5. Actions necessary to improve national or regional research and innovation systems 6. Actions to manage industrial transition 7. Measures for international collaboration 		

Criterion 6: Actions to manage industrial transition

- The member state or region has undertaken analysis to identify sectors and occupations in the region or member state which are challenged by globalisation, technological change (notably linked to industry 4.0) and the shift to a low carbon economy and identified appropriate actions to facilitate transition.
- Where regions have experienced significant structural change, appropriate actions have been identified to address reskilling of the workforce, diversification of the economy, strengthening entrepreneurship and technological upgrading of SMEs.

Lessons learned

Smart Specialisation: a transformative tool

