



Gobierno del Principado de Asturias

OECD REGIONAL DEVELOPMENT POLICY CONFERENCE

NEWCASTLE, 27/03/2012

Integrating Local Labour Markets and Infrastructure

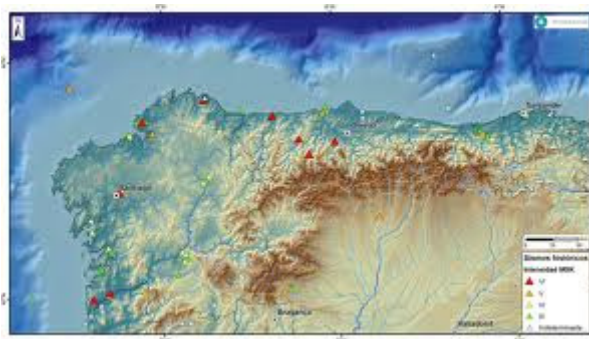
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PRINCIPADO DE ASTURIAS



The Picture of Asturias



GDP pc 1995: **15.721**

GDP pc 2007: **22.338**

POPULATION: 1.059.136

UNEMPLOYMENT

RATE (1995-2008): **-9,46**



The Economic History of Asturias

ORIGINAL REASONS FOR CURRENT SITUATION

- Traditionally, industrial activity based on coal and steel were important pillars for the national Spanish economy.
- Trade Unions had an important weight in regional society.
- The industrial restructuring led to a particular social context:
 - Solidarity from the rest of the Nation was demanded
 - Transitional measures: public funds, early-retirement scheme



Decentralisation of the Spanish State

- From 1982 (Autonomous Law of the Principality of Asturias): progressive acquisition of competences (many of them linked to regional development).

Integration in the EU

- New economic and political decisions (coal mines, restructuring of basic economic sectors: fisheries, agriculture, shipbuilding...).
- The Cohesion Policy boosted the introduction of the planning system of the regional development (multiannual approach, partnership principle...).



As a consequence of all these processes:

- Asturias Region received a considerable amount of external financing coming from the Spanish State and from European Funds (Cohesion Policy)
- This factor allows the region to face important expenditures mainly related to communication infrastructures and public services (many more than in the case of having only counted with its own resources)
- The Cohesion Policy contributed significantly to regional development, helping the region to forget its ancient isolation



Priorities:

1. **Transport Networks and Energy** 42,52%.
- 2. Environmental protection 18,97%.
- 3. Human Resources 9,74%.
- 4. Agriculture and Rural Development 9,33%.
- 5. Promotion of economic competitiveness, innovation and business modernization 8,71%
- 6.
- Urban and local development 8,4%.
- 7. Information Society 2,16%.

The total amount of investments over this period:

2321,5 Million Euro

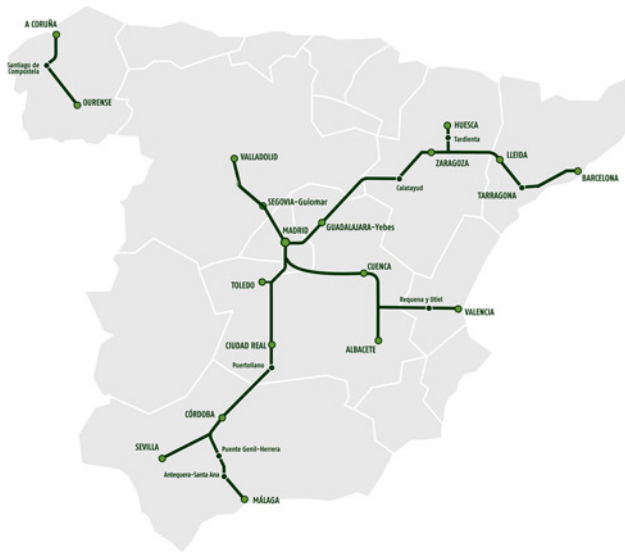
European Financing: 1.338 Million Euro

National Financing: 0, 713 Million Euro



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• Rail Infrastructure



An example of vital projects still to be accomplished in Asturias:

High Speed Railway
SPAIN 2012



• Productivity

This key factor highlights the potential of the region and its population:

- During the period 1995-2007 productivity growth in Asturias (0,60%) exceeded the average pace of growth of all Spanish regions (0,08%)
- This is due to a structural change modernising traditional sectors as coal and steel to a more diversified structure capable of competing in international markets



ON THE ONE HAND...

Labour Market

- Lower rate of unemployment compared to national rates

Human Capital

- High rate of skilled workers
- Better results in education on average than in the rest of Spain

Infrastructures

- Huge development in a short period of time in all means of transport: road, rail, air and sea
- Good progress in information society



The shadows of Asturias picture

- ON THE OTHER HAND...
- **Labour market**
 - Higher rates of people depending on the public sector (early-retirement, high rates of elderly population)
- **Human capital**
 - Significant number of highly qualified young people leaving Asturias to find a job abroad. Gradual decrease of population and increase of elderly population. (Major demographic challenge)
- **Infrastructures**
 - Despite the important investments already carried out, there are still important gaps to connect the region
 - Not all the decisions taken were in line with a coherent and integrated development strategy (at regional and national level)



Governance goals in this period of time

An instrument that significantly contributed to reaching the objectives of development in infrastructures and the labour market:

- Tripartite Agreements (Regional Government, Trade Unions, Business Organization)
 - Useful and important at the moment they started (1999)
 - They should have evolved according to new strategic challenges (Lisbon Strategy of the EU, Sustainable Development Strategy, etc.)
 - They became a list of chapters of expenditure in which the different stakeholders were involved, mainly infrastructure investments and labour market expenditure (vocational training, unemployment support...)



Regarding the current economic and social situation of the region we can conclude:

- There have been bottlenecks due to governance aspects:
 - Lack of integrated approach on decisions relating to different public policies
 - Isolated sectoral interventions and measures taken with a short term approach
 - Lack of tradition for the civil society in participating in public affairs or policy making.
 - The dominant mentality is based on demanding to public authorities to solve the problems (create jobs, negotiate with big companies, etc.)
- **Major Consequences:**
Low level of innovation output and entrepreneurial culture



- As the European Commission points out in the 5th Cohesion Report, communication infrastructures can contribute but are not enough for the regional development if they are not accompanied by innovation development that allows regional companies to be competitive in external markets.



Governance assets and deficits

- Spanish public law offers mechanisms:
 - Autonomous Communities have competences to deal with their own problems
 - Agreement instruments between public bodies (State and regions, etc.) are provided
 - Financing system based on territorial balance
- But there are difficulties to overcome in the coordination between public administrations and a work to do in the integration to private stakeholders in public decisions.



Governance assets and deficits

- We need:
 - New and modern leadership
 - New mentality for the public sector, closer to private and with a sustainable approach
 - Briefly, a whole new system of public governance that can help decision makers adopt the most rational and efficient decisions.