CLIMATE TRANSITION: A GAME OF WINNERS AND LOSERS

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> *We need to multiply our commitment to talent and increase investment in R&D and public and private productivity.*

It will come as no surprise if I tell you that there will be winners and losers in the climate transition; the ecological transition will not be neutral, and although it will undoubtedly generate significant aggregate benefits in the medium and long term, it will also undoubtedly lead to adjustments that will affect territories unequally. In fact, both Europe and its main countries have plans and aid for a fair transition that compensates the losers. However, I fear that these strategies have not been able to anticipate the potential and profound effects that will be caused by technological change, rather than by the abandonment of coal or the disappearance of fossil or nuclear power plants.

In the Basque case, and on the positive side of the balance sheet, the industrial sector faces major technological and business opportunities in the clean energy value chains that are gaining ground in the energy mix of European countries and in the new industrial products that contribute to decarbonisation, such as electric and networked vehicles or digital manufacturing technologies.

On the negative side of the balance sheet, the bottom line is that seizing these opportunities will be a difficult proposition. In the case of renewables, the difficulty is evident in the hurdles posed by increasing technological demands, cost increases due to problems in global supply chains, and growing international competition. The case of Siemens Gamesa is a good example, but it is no less clear that the political and social difficulties of implementing renewables in the Basque Country also add to the difficulties. Similar difficulties are faced by companies in the automotive value chain, whose development has come to a standstill in Europe, and which are navigating in a stormy ocean of increasing regulation and uncertainty, and technological battles with heated debates on "technological neutrality" that have yet to be resolved. These difficulties, which are not few, are compounded by the growing loss of leadership of the German economy, which has been hit hard by the energy crisis triggered by the invasion of Ukraine and the growing difficulties it is facing in competing in the electric mobility market.

And it is in this troubled sea that the Basque industry is sailing, which, logically, is not experiencing the best of times. The automotive industry is the backbone on which many companies in the materials, products and components, supplies, engineering and services sectors hang, on which the technological positioning and employment of Basque industry depend and, to a large extent, the health of the socio-economic system of the Basque Country as a whole. In addition to the challenges faced by companies in the automotive value chain, there are those of the oil refining sector and other highly energy-intensive sectors such as steel, paper, cement and chemicals, which are also undergoing a profound process of technological-industrial transformation and decarbonisation.

So, although we have no coal mines, there is no doubt that we are at an important crossroads from which very antagonistic future scenarios can emerge. In one, which we do not want to find ourselves in, the climate transition leads us to an increasing loss of industrial dynamism and employment, a brain drain and, in short, stagnation and impoverishment.

However, the objective socio-economic data allow us to aspire to and bet on a completely different scenario. In such a scenario, we are capable of building a carbon-neutral industry that strengthens its competitiveness and seizes the opportunities to create quality jobs and wealth that allow our welfare system to progress, without falling into what Professor Rodríguez Pose describes as a 'development trap'.

As I said, it will not be easy and urgent action will be needed to be among the winners in the climate transition process. Many levers are beyond our control, but we cannot allow ourselves to drift and turn a blind eye. The tools at our disposal are clear: we must multiply our commitment to talent with the highest quality secondary and tertiary education. We must come together in a national pact for investment in R&D&I and increased productivity, involving the entire productive fabric and all public administrations, and, of course, we must build an attractive territory for everyone, leaving no one behind. We are already halfway through the game, we just have to play our cards right.

Este artículo de Iñaki Barredo, Economista en NAIDER, se publicó originalmente en El Correo y El Diario Vasco.

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