

Opinion of the Committee of the Regions on 'Clusters and cluster policy'

(2008/C 257/12)

THE COMMITTEE OF THE REGIONS ISSUES THE FOLLOWING RECOMMENDATIONS:

- calls on the European Commission to draw up a framework programme to facilitate cooperation and networking between all the administrations involved, and to draft guidelines for setting up and inter-linking clusters — including across borders. Cooperation between clusters is a promising way to strengthen Europe's innovative capacity and attract global attention from investors and innovators, which is why cross-border cooperation between cluster organisations should not be restricted to Europe alone, but should be global, with a view to achieving an end goal of 'world level clusters';
- considers that there should be a general strategic framework bringing together the approaches of the various stakeholders: public administrations, universities, research centres and businesses, so as to implement the three abovementioned processes in a coordinated manner:
 - to make it possible to create the necessary conditions for encouraging the setting up and development of clusters;
 - to encourage the implementation of initiatives proposed by clusters;
 - to interlink clusters both nationally and across borders, in order to cooperate and exchange experiences;
- in this context, proposes that the first step in developing the strategic framework should be to set up a High Level Expert Group which would study the matter and set down guidelines for the integration and harmonisation of criteria for the Council and the Commission.

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POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

Whereas the Competitiveness Council, which met on 4 December 2006, identified clusters as one of nine priorities for innovation action at European level;

Whereas the Slovenian Presidency has called on the Committee of the Regions to draw up an opinion by the end of June so that its views may be taken into account in the Communication on cluster policy being drafted by the European Commission (July 2008);

Having regard to the Presidency Conclusions of the European Council held in Brussels on 13 and 14 March 2008, which stated that 'efforts towards improving the framework conditions for innovation should be better coordinated, including through improved science-industry linkages and world-class innovation clusters and development of regional clusters and networks', and called for the 'facilitation of increased participation of innovative SMEs in clusters and in public procurement';

General comments

1. calls on the forthcoming French presidency to continue encouraging reports, studies and political debates on clusters, and to explore new initiatives that could be developed as part of the strategy on cluster policy being drawn up by the Commission;

2. understands the term 'cluster' to mean a geographical concentration of companies specialised in one sector, which are linked with specific suppliers and other enterprises in inter-related industries, and which compete but also cooperate with one another. This sector encompasses a large number of industries, a cross-fertilisation of disciplines and activities. Clusters are fully developed once they are able to harness their interdependence to bid for complementary business, generating synergies which bring growth to the whole sector, from which all the cluster members benefit. The term 'coopetition' is used to define the business strategy particular to clusters which straddles competition and cooperation, maximising competitiveness. There must be mutual trust between the cluster members, and they must share certain objectives and priorities so as to achieve full coordination in a multi-level context;

3. acknowledges the EU's weakness in turning ideas into new products and services, and recognises that new public policies must be adopted in order to facilitate networking between the different social players involved in creating, transmitting and applying knowledge. In concrete terms, new linkages must be developed between public administrations, universities, research centres and businesses;

4. considers that investment in R+D, is necessary but has so far not been sufficient. To encourage innovation in Europe, it is important to join forces and gear investment in research specifically towards strategic areas;

5. highlights that simply concentrating businesses geographically does not guarantee that clusters — or network economies, synergies or improved competitiveness — will ensue. A critical mass or sufficient production quantity must be reached, below which clusters cannot be said to exist. Qualitative aspects and external conditions must also be taken into consideration, particularly mutual trust and a sound relationship between businesses, so that joint action can be successfully taken on a sustainable footing;

6. considers that there is not enough statistical data to measure these two aspects, and suggests that the European Cluster Observatory conduct a study on the conditions needed for these aspects, which determine the existence of a cluster, to be taken into account; offers its support, on the basis of its experience and proximity to the regions;

7. agrees that clusters are important innovation drivers, contribute to the competitiveness and sustainable development of industry and services, and boost the economic development of regions by creating wealth and jobs, thus contributing to territorial cohesion, one of the EU's stated objectives in the Lisbon Treaty;

8. considers that, in many cases, public authorities and private bodies should be involved in encouraging the setting up of clusters and helping to keep them on the cutting edge of their sectors;

9. The public sector can also play a significant role in addressing the challenges faced by cluster initiatives by:

— assisting in objective setting and monitoring performance;

- facilitating the cluster initiative process over time, as it develops and matures (as set out in the point below);
- integrating the cluster initiative in a broader policy agenda.

10. also believes that it should be the role of the public sector to create an environment in which clusters can flourish, for instance by:

- ensuring that there is highly-skilled human capital;
- simplifying administrative procedures for setting up and developing clusters;
- encouraging the creation of centres of information and integrated service centres;
- supporting cooperation between educational bodies and clusters, particularly by creating joint centres for specialised training. It would be useful if each Member State had at least one centre for specialised cluster training;
- guaranteeing the availability of suitable financial instruments to meet the requirements of the cluster, and ensuring good relations between entrepreneurs, innovation centres, investors and funding sources;
- facilitating coordination channels both within the cluster and with other clusters, and relations between clusters and public administrations;
- fostering the development of opportunities for clusters externally, promoting their activity internationally and encouraging the creation of cross-border networks. The right public policy can help create a brand image of the region — and the cluster — so as to increase its opportunities for external growth;
- promoting R+D and innovation in its sphere of influence, paying specific attention to the key factors for starting up and developing innovative initiatives which, in addition, could help to leverage the private sector;
- supporting and stepping up private initiatives, bearing in mind that the three levels of administration — Community, national and regional — must be interlinked, with the regions playing a key role in defining and implementing policies to support clusters.

Nonetheless, highlights that the public authorities must avoid making two important mistakes:

- they should avoid creating clusters from scratch where they do not exist: clusters tend to evolve naturally, and creating them artificially is likely to end in failure;
- for the same reasons, they should avoid artificially extending the lives of clusters when markets and technologies have superseded them;

11. considers that, in order to compete on the global market, clusters need to build a strong network linking businesses, universities and public authorities, and a constant innovation process that enables them to continue generating new synergies. This is the only way to ensure the future viability of clusters. It should be borne in mind that, although excellence is a feature of clusters, not all clusters can achieve the same level of development or international scope. Excellence in this context is created gradually, over time, via specific financial resources, good governance and structural, market-oriented reforms, allowing for the necessary factor mobility (venture capital and researchers);

12. considers that, faced with the current globalisation of markets, it is essential to create 'global value chains' (GVC) through clusters in order to improve coordination between enterprises and overall competitiveness. While innovation is a basic feature of all clusters, not all of them operate in high-tech sectors: some are medium- or low-tech;

13. points out that clusters are particularly useful for SMEs, as they provide a context which encourages links with universities and large businesses, and enables them to access international trade networks;

14. warns, however, that some countries and regions are too focused on SMEs, overlooking the fact that if not enough large companies are present, the economic impact of clusters can be limited;

Contributing to the Lisbon Agenda

15. considers that, at present, the free movement of factors of production and the high costs in developed economies encourage relocation, which must be confronted by orienting production systems towards activities with greater added value, above all activities requiring intensive R+D and innovation;

16. considers that the **Lisbon Agenda** was a response to the new challenges of globalisation, with the aims of enhancing human capital in the EU, giving more consistency to innovation policies, creating a legislative framework to encourage this, promoting the creation and growth of innovative enterprises and improving interfaces within the innovation system. Achieving these aims will help us to move towards a society open to innovation and knowledge and, therefore, competitive — if not in terms of costs then in terms of added value;

17. stresses that, for regions to be more competitive, it is important to boost those sectors which are capital-intensive, clearly innovative, with highly specialised human resources;

18. points out that there is a shortage of private spending on R+D in Europe; but, considers that there is no point simply increasing public R+D spending if enterprises themselves do not adopt these goals and drive the necessary initiatives. However, it is important for national public spending on R&D to be at a level high enough for it to be effective. This is the only way for such spending to be channelled, via research and innovation, to the market. Public R+D spending should leverage private R+D and innovation in order to substantially increase the percentage of GDP devoted to it by Europe's regions. To achieve this, there are four main areas for action:

- encourage the **development of clusters** or conglomerates of businesses and public institutions around highly innovative activities;
- boost the creation of suitable venues for these activities, where knowledge (universities) and business (enterprises) stand side-by-side: science and technology **parks**;
- step up instruments, both financial and otherwise, to support the **creation of new innovative businesses**;
- encourage networking between different centres of knowledge and R+D and innovation, promote forums for exchanging knowledge, and boost the creation of networks of regions which excel in innovation;

Developing the Community dimension

19. welcomes the developments promoted by the European Commission through a number of programmes and networks which have led to real progress in designing and establishing clusters, enabling experiences to be exchanged;

20. does not question the European Commission's support for the development of new, improved clusters at national or regional level; considers, however, that there is a need for information on identifying and developing good practices, and for centres to pinpoint those tools which could be systematically used or consulted, and which should be made readily available to operators. Points out, that in this regard the Committee is currently launching a study on Clusters and clustering policy: a guide for regional and local policymakers;

21. nonetheless, calls on the European Commission to draw up a framework programme to facilitate cooperation and networking between all the administrations involved, and to draft guidelines for setting up and interlinking clusters — including across borders. Cooperation between clusters is seen

as a promising way to strengthen Europe's innovative capacity and attract global attention from investors and innovators, which is why cross-border cooperation between cluster organisations should not be restricted to Europe alone, but should be global, with a view to achieving an end goal of 'world level clusters';

22. considers that cooperation between clusters is of vital interest for SMEs: importantly, it facilitates information, technical exchanges, and the possibility of sharing research infrastructure and production resources;

23. notes that there is a discrepancy between many clusters' desire to develop their own business in their own regions or countries, and the huge opportunities offered by exchanging information and best practices with neighbouring clusters from other States;

24. urges the Commission to remove all barriers to trade and investment within Europe. The completion of the internal market is a key means for opening up markets to competition;

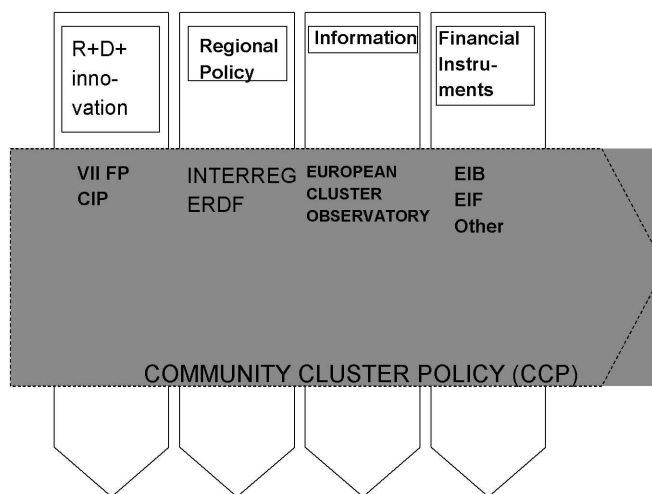
25. points out that barriers to trade, together with differing legislation, social protection, administrative and tax systems, can be a significant hindrance to cross-border cooperation. Lastly, language barriers also mean that clusters tend to manage and carry out their activities within the borders of their own countries, limiting their international links;

CoR recommendations

26. recommends that the European Commission remedy the fragmented nature of the measures devoted to cluster promotion in the EU, and considers that these should be grouped under one specific line of action to promote clusters and support inter-cluster cooperation;

27. as a necessary support for the ever-expanding tasks assigned by the Commission to regional authorities in the promotion, coordination and exploitation of cluster initiatives, the CoR considers that the Commission should also give the regions a clearer picture of the research and innovation initiatives which it administers directly (principally the 7th FP and the CIP). Similarly, special attention should also be paid to ensuring proper coordination with the autonomous agencies set up by the Commission in the research and innovation field and with the JTI (Joint Technology Initiatives).

28. calls for the adoption and harmonisation of criteria to boost clusters at European level, which the CoR believes would be a key addition to existing cooperation policies at all levels, so as to create a **single, structured approach** rather than the partial approach taken by the various European cluster initiatives currently existing in a variety of areas (R+D, interregional cooperation policy, technology/competition tracking, project funding support, etc.);



29. stresses that all the measures promoted through this integrated approach should focus on growth and competitiveness, and on priority areas of action which must go beyond simply exchanging experiences and information to include joint projects and initiatives, inter-project exchanges of staff and beneficiaries, development of Community networks and institutions, etc.;

To this end, proposes:

1. THE IMPLEMENTATION OF A **COMMON STRATEGIC FRAMEWORK** FOR CLUSTERS

considers that there should be a **general strategic framework** bringing together the approaches of the various stakeholders: public administrations, universities, research centres and businesses, so as to implement the three abovementioned processes in a coordinated manner:

- to make it possible to create the necessary conditions for encouraging the setting up and development of clusters;
- to encourage the implementation of initiatives proposed by clusters;
- to interlink clusters both nationally and across borders, in order to cooperate and exchange experiences;

in this context, proposes that the first step in developing the strategic framework should be to set up a High Level Expert Group which would study the matter and set down guide-

lines for the integration and harmonisation of criteria for the Council and the Commission. The group should be fully independent and chaired by a person of European renown in the field. It should include representatives from all the spheres involved: politics, administrations (particularly regional), businesses with experience in managing clusters, universities, research and technology institutes, financial bodies and other possible funding bodies (business angel networks, venture capital funds, etc.);

believes that this strategic framework would benefit from the various cluster initiatives already in existence in specific fields, and would bring them together, creating action lines to facilitate the processes involved in the development of clusters:

INCUBATION PHASE

- creation of environmental conditions needed for development;
- provision of financial aid to make it easier to interconnect small and large enterprises in the same area and harness potential synergies;
- involvement of 'driver' enterprises;
- relations with research centres in the sector;

START-UP PHASE

- development of relationships of trust;
- interlinking of businesses from different clusters so as to create cross-border meta-clusters;
- creation of own organisational structure and brand image;
- development of strategic cooperation agenda;

GROWTH PHASE

- creation and development of own projects;
- incorporation of clusters in European technology platforms;
- alliances between clusters, interregional cooperation platform;
- dissemination of results of cooperation between clusters, ensuring that the project results reach other regions;
- new products as a result of joint initiatives;

MATURITY PHASE

- own patents and innovations;
- appearance of commercial sub-clusters;
- strategic partnerships for economic development;
- attraction of new investment to the region;

2. INITIATIVES TO PROMOTE THE CREATION OF A STRATEGIC FRAMEWORK BRINGING CREDIBILITY TO THE PROCESS

acknowledges that **cooperation between enterprises** in clusters must be encouraged, promoting the creation of a first-level network of cluster networks, enabling them to share services and best practices at European and global level, for instance by:

- developing and rolling out cooperation tools so as to share the knowledge acquired by regional clusters;
- promoting events/meetings/match-days with the various players, particularly enterprises, in the different clusters;
- drafting a joint annual activity report for all European clusters;
- promoting the development of shared services in the fields of training, information, etc.;

stresses that it is key for public administrations to encourage **early demand projects**, by:

- linking observatories and technology tracking bodies in different regions by setting up a European system for tracking industrial research and innovation, and improving information on intellectual capital, so as to anticipate possible supply-side solutions and value-adding technologies;
- encouraging cooperation with European technology platforms;
- implementing joint public projects between several regions (common specifications and procurement processes);
- promoting common regulations in different areas to encourage or anticipate development of innovative technologies;

stresses that it is essential to combine existing information into a single **European Cluster Information Platform (INFOCLUSTER)** and include features that are useful to enterprises and are only partially covered at present; in this context, considers that the most suitable body to perform the role of information platform would be the European Cluster Observatory:

- a regional information system which sets out the current range of infrastructures and research centres, enterprises active in R+D and innovation, universities and other bodies, research areas promoted, key technical and political contacts, etc. This resource would facilitate networking between knowledge centres and clusters. It could be managed by the European Commission in cooperation with the CoR, which could provide contacts with regions and clusters existing at regional level;
- a dynamic European competition barometer in which each cluster could compare itself with similar ones, and find out its position in relation to the competition;
- a cluster policy map showing national and regional policies in each geographical area, in all fields (R+D and innovation funding, financial support instruments, training and exchange programmes, etc.) for the exchange of information;
- various reports on the best knowledge-sharing practices applied by enterprises or clusters;

considers it necessary to promote **cooperation between financial instruments for innovation** (capital/debt/direct aid) in regions or countries, in order to facilitate investment in major projects involving several regions from different European countries via clusters, which could benefit from greater leverage from European funds such as the EIB and EIF;

believes that it is possible for clusters to **share resources and services** so as to have joint access to higher-quality services:

- specialised job exchange and programmes for researcher exchanges and training in the private sector;
- mobility of enterprises sharing incubator facilities and services;
- exchange of technical skills, research structures and production facilities so as to achieve economies of scale and scope;
- European system for research tracking, industrial innovation and improved information on intellectual capital;

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3. EX-ANTE, EX-DURANTE AND EX-POST **ASSESSMENT MEASURES** TO SERVE AS GUIDANCE FOR FUTURE INITIATIVES

considers that assessment is a means of research that can use specific techniques and answer questions such as: have the needs of the cluster have been met? Has a suitable policy been designed and properly implemented? Will it have the desired effect? Can unachieved objectives be re-examined? Can the effectiveness of the policy be increased?

sees assessment as a tool that should be used throughout the implementation process and that should, among other benefits, increase the credibility of the cluster policy.

The President
of the Committee of the Regions
Luc VAN DEN BRANDE
