



## High-Level Policy Roundtable

Bucharest, Palace of the Parliament, C.A. Rosetti Hall

14 May 2019, 14:30- 15:30

### ANNEX

#### Background

While Europe is very good in generating innovation, it is less efficient in translating this into economic growth and jobs. There is a real need for closing the innovation divide and facilitating the uptake of advanced technologies, new business models, resource-efficient solutions and related services for every business wherever they are. Clusters and cluster partnerships play a key role to contribute to connecting specialised ecosystems and enhancing their innovation output by bringing together skilled people, technology centres and business support organisations within and across regions.

The relevance of clusters have been highlighted recently in the **Commission Communications** on A renewed EU Industrial Policy Strategy (COM/2017/0479 final and the Start-up and Scale-up Initiative (COM/2016/0733) and the Smart Specialisation Communication on “Strengthening Innovation in Europe’s Regions” (COM(2017) 376 final) that keep the topic high on the agenda since the first call “Towards world-class clusters in the EU” (COM(2008)352 final).

The crucial role of clusters has also been continuously recognised by the **Council of the EU**. In its conclusion on the EU industrial policy strategy of 12 March 2018, it last called for the “*further development of the European cluster policy, with the aim of linking-up and scaling-up regional clusters into cross-European world class clusters, based on smart specialisation principles, in order to support the emergence of new value chains across Europe.*”<sup>1</sup> Moreover, **stakeholders** at the EU Industry Days and SME Assembly stressed the need to make more strategic use of “*clusters of change*” for industrial policy and connecting ecosystems towards digitalisation, sustainability and the completion of the Single Market.

Clusters are seen as important “springboards” and “transformation and growth accelerators” for SMEs. They can help them innovating, facilitating access to and strategic positioning in new and global value chains and developing business collaboration with impact as part of long-term strategic partnerships. Recognising clusters’ important role in boosting the economic growth and competitiveness in Europe, several initiatives at EU level have been taken. Below is a summary, notably those launched by the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW).

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<sup>1</sup> [www.consilium.europa.eu/en/press/press-releases/2018/03/12/eu-industrial-policy-strategy-council-adopts-conclusions/](http://www.consilium.europa.eu/en/press/press-releases/2018/03/12/eu-industrial-policy-strategy-council-adopts-conclusions/)



## EU cluster initiatives by DG GROW

A strong emphasis has been placed by DG GROW in creating platforms/springboards for knowledge exchange. For instance, the DG GROW organised for meetings between representatives from Member States under the **European Cluster Policy Forum**<sup>2</sup>, to facilitate the cluster policy learning. The discussions covered the role of clusters for industrial policy, internationalisation, entrepreneurship and scaling-up SMEs, digitalisation and skills development – both for the professionalisation of cluster management and for the upskilling of the workforce in clusters. A **European Commission Expert Group on Clusters** is expected to be soon set up to follow up on the work of the European Cluster Policy Forum. The **EU Cluster Weeks** campaign aimed at increasing European participation at cluster events across Europe and raising awareness on the role of clusters. Rapporteurs will report back from key anchor events during the European Cluster conference.

Moreover, soon, all **cluster collaboration intelligence services** at EU level – the [European Cluster Collaboration Platform](#) (ECCP), the [European Observatory for Clusters and Industrial Change](#) and the [European Resource Efficiency Knowledge Centre](#) – will be merged into one (ECCP).

In terms concrete initiative for the cluster community, DG GROW is very active in supporting the development of new industrial value chains and emerging industries as these are often characterised by high growth rates and market potential. In order to further support their development, interregional collaboration is usually encouraged via collaborative opportunities. Collaboration is not only promoted regionally and nationally at EU-level, but also towards third countries and beyond Europe through partnerships programmes and matchmaking events. Finally, the European Commission is highly involved in helping clusters enhance their management practices, their value chain capacities and market/competitive advantages in order to provide better services to SMEs.

The European cluster approach for growth is founded on the following three key pillars:

Figure 1 – EU cluster initiatives by DG GROW



Particular attention is placed on promoting the professionalisation of cluster management towards achieving **cluster excellence** across Europe's clusters. The Commission supported the development of the next phase of the European Cluster Excellence Initiative with the involvement of a wider consortium of actors to improve the current cluster labelling process by adding transparency, wider European

<sup>2</sup> <https://www.clustercollaboration.eu/news/european-cluster-policy-forum>



involvement and achieving lower costs of the currently externally run process. The actors involved are currently elaborating the establishment of a European Cluster Excellence Association – open to organisations – in order to join forces of committed actors for the implementation of the European Cluster Excellence labelling initiative. Moreover, a call was launched last year for 10-12 partnerships to participate in the [European Cluster Excellence Programme](#), which aims at strengthening cluster management excellence and will test a new “ClusterXchange” pilot scheme by facilitating short-term exchanges from cluster organisations, SMEs, technology centres and other scaling-up support organisations with little lump sums of up to 1100 EUR inspired by the Erasmus for Young Entrepreneurs initiative. This kind of Erasmus for Clusters scheme shall also help to boost mobility and more strategic connections across clusters.

The strategic partnering of cluster organisation in **European Cluster partnerships** is encouraged through initiatives under the COSME programme such as the European Strategic Cluster Partnerships for smart specialisation investments ([ESCP-S3](#)) and the European Strategic Cluster Partnerships for Going International ([ESCP-4i](#)). **Matchmaking events** at EU and international level are regularly organised to create collaboration opportunities for clusters. The [INNOSUP-1 cluster projects](#) (with a budget of 130 million under Horizon2020) aim to develop new cross-sectoral industrial value chains across the EU, by building upon the innovation potential of SMEs.

These initiatives are intended to complement regional and national cluster support efforts and are linked to further support of the European Commission (addressed in the morning of day 2 of the conference). This included the support to the development of **smart specialisation strategies** that have guided over 120 billion EUR of innovation-related investments under Cohesion Policy and the support to interregional partnerships under Interreg and the Smart Specialisation Platform for Industrial Modernisation<sup>3</sup> as well as the **Knowledge and Innovation Communities** under the European Institute of Innovation & Technology.<sup>4</sup> The European Commission is also investing in a network of [Digital Innovation Hubs \(DIH\)](#) to help ensure that every company, small or large, high-tech or not, can fully grasp and benefit from digital opportunities.

For the next programming period DG GROW envisages to bring together its different measures for European Strategic Cluster Partnerships together in **Joint Cluster Initiatives** proposed for the draft Single Market Programme (see annexed summary of the draft legal base).



<sup>3</sup> <http://s3platform.jrc.ec.europa.eu/industrial-modernisation>

<sup>4</sup> <https://eit.europa.eu/activities/innovation-communities>

## Annex – draft legal base of Joint Cluster Initiatives in the Single Market Programme

In line specifically with Article 3 point 2b) of the draft Single Market Regulation, the Joint Cluster Initiatives aim to contribute to the Programme’s **specific objective of “improving the competitiveness of enterprises with special emphasis on SMEs and achieving additionality”**. To achieve this, they will **implement actions for supporting the competitiveness sectors and supporting SMEs’ uptake of innovation and value chain collaboration through strategically connecting ecosystems and clusters** in line with Article 8 point 3 e). Moreover, and in line with the other actions referred to in Article 8 point 3, the Joint Cluster Initiatives will also provide various forms of support to SMEs; facilitate SME’s access to markets including the internationalisation of SMEs and strengthening Union industrial leadership in global value chains; create a favourable business environment for SMEs; facilitate the growth of businesses, including skills development, and industrial transformation; and foster entrepreneurship and support start-ups, business sustainability and scale-ups. The following **recital 28 on clusters** in the draft Regulation gives the more detailed context for the implementation of Joint Cluster Initiatives:

Clusters are a strategic tool for supporting the **competitiveness and scaling-up of SMEs** as they offer favourable business environments. Joint Cluster Initiatives should achieve critical mass to accelerate the growth of SMEs. By **connecting specialised eco-systems**, clusters **create new business opportunities for SMEs and integrate them better in European and global strategic value chains**. Support should be provided for the development of transnational partnership strategies and the implementation of joint activities, supported by the European Cluster Collaboration Platform. Sustainable partnering should be encouraged with **continuation funding** if performance and participation milestones are reached. **Direct support to SMEs should be channelled through cluster organisations** for the following: uptake of advanced technologies, new business models, low-carbon and resource-efficient solutions, creativity and design, skills upgrading, talent attraction, entrepreneurship acceleration, and internationalisation. Other specialised SME support actors should be associated to **facilitate industrial transformation and implementations of smart specialisation strategies**. The Programme should thus contribute to growth and build **linkages** with the Union's (digital) innovation hubs and investments made under Cohesion Policy and Horizon Europe. Synergies with the Erasmus programme can also be explored.

*Recital 28 of the draft Regulation for the Single Market Programme (COM(2018)441, emphasis added), available at [https://ec.europa.eu/commission/sites/beta-political/files/budget-may2018-single-market-regulation\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/budget-may2018-single-market-regulation_en.pdf)*

The accompanying impact assessment (SWD(2018)320 part 2/2 - Annex 15 on COSME, available at <https://ec.europa.eu/transparency/regdoc/rep/10102/2018/EN/SWD-2018-320-F1-EN-MAIN-PART-2.PDF>) provides further background in terms of synergies and lessons learned (pp.255-257) and an overview of results of the past EU cluster initiatives (pp. 264-269). It also has an own section on the Joint Cluster Initiatives (pp. 289-292) and associated Scaling-up instrument (pp. 293-296).

The impact assessment points out that the previous EU cluster initiatives had a budget of 40 million EUR under COSME and 130 million under Horizon2020. The Joint Cluster Initiatives feature in the new COSME structure as a key initiative for the strand on “Business environment, industrial modernisation, Competitiveness and Entrepreneurship” (pp. 285-286). The baseline scenario envisage a budget of 150 million and the ambitious scenario a budget of 300 million for the Joint Cluster Initiatives. Given the proposed budget, an estimated budget of around 220 million could be possible. This excludes the potential increase through the addition of funding for the implementation of the scaling-up instrument, for which scenarios with an additional budget of 1 billion and 4 billion were indicated.