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Conference Paper

Cluster policy and the supporting organizations for transnational clusters promoting - Romanian initiatives

51st Congress of the European Regional Science Association: "New Challenges for European Regions and Urban Areas in a Globalised World", 30 August - 3 September 2011, Barcelona, Spain

Provided in Cooperation with:

European Regional Science Association (ERSA)

Suggested Citation: Pauna, Carmen Beatrice (2011) : Cluster policy and the supporting organizations for transnational clusters promoting - Romanian initiatives, 51st Congress of the European Regional Science Association: "New Challenges for European Regions and Urban Areas in a Globalised World", 30 August - 3 September 2011, Barcelona, Spain, European Regional Science Association (ERSA), Louvain-la-Neuve

This Version is available at:

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**Cluster policy and the supporting organizations for transnational clusters promoting -
Romanian initiatives**

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Acknowledgement. This article is based on the research results obtained within the project “Adriatic Danubian Clustering – ADC”, funded by the South East Europe – Transnational Cooperation Programme, SEE AF /A/235/4.2/X, 2009-2011. We thank for the kind support offered by the Lead Partner, the Region of Veneto, by the representative of Informest and also for the fruitful collaboration with all Project Partners.

Abstract

In some european areas there are thousands of active companies with quite similar profiles, but the information about the potential for cooperation among the countries in the area is scarce because of the lack of visibility of SME-s, in general, and of transnational connections between companies and the supporting organizations, in particular.

*To overcome the current situation which is characterized by **this lack of an exchange of information among the european zones on the potential for antreprenorial cooperation**, is necessary to have a common european concept and an active implication of the appropriate supporting organizations.*

On the basis of a context analisys our paper will try to highlighte the need for the following:

- ***Stimulation of productive capacities** of companies in order to create **cluster networks** in the strategic economic sectors, meant to improve the actual integration of the transnational competitive chains of SME-s and contribute thus to the narrowing of regional disparities and to an increase in the attractiveness of the regions lagging behind for FDI;*
- ***Improvement of information on the cross-border cooperation potential** in these areas of Europe and promote it, so that SME-s in the regions have a bigger visibility*

- *Stepping up the development of some **innovative economic policies**, of **vertical relations among companies**, of the visibility and accessibility of **local productive systems** and continued growth at a regional level.*

As case study the author chose the Romanian initiatives for transnational clusters promoting in some of the strategic economic sectors.

The role of transnational cooperation for strengthening the clusters at program and policy level.

Policies related to clusters are often seen as a tool for improving national and regional competitiveness, which in turn, explains why only a small number of these programs have an international dimension. This perception of national and regional approach began to change. Taking into account the effects of globalization which strengthen the competition between different locations – which lead to new horizons between firms, along different value chains – transnational clusters appear in a different light.

There is growing recognition that a country cannot remain competitive without a certain degree of specialization. At the lowest level, mutual learning is the key reason for closer cooperation between those responsible for cluster policies and programs for clusters. Different countries may have a common interest in the endeavor to build strong clusters or to boost the cooperation itself between clusters within a specific region. They can use the same specialized research infrastructure facilities and the same testing capabilities; they can also encourage cross-border transfer of knowledge. This requires designing of a common long-term strategy to facilitate the development of strong global clusters. This ambitious type of cluster cooperation may be limited, in the early stages, to cross-border cooperation between regions with common cultural identity, such as the Baltic Sea region and Central Europe. For these reasons it can be concluded that, although transnational clusters would be a great benefit for all, it is unlikely to occur spontaneously. Most often, such cooperation remains limited to the same region, although common problems could be better solved by more extensive cooperation. Therefore the European Community tools, that facilitate transnational cluster cooperation, could offer greater benefits. In this respect, it is necessary to address and develop the strategic dimension of transnational cluster cooperation.

European Community support for cooperation for transnational clusters at policy and program level: early results and early challenges

European initiatives to support clusters should be as largely complementary to national and regional efforts, to better exploit synergies and to better support country-specific priorities. On the other hand, regions and Member States should find any use for maximum benefits offered by community financial instruments to strengthen their clusters, to open them for transnational cooperation.

Provision by the European Cluster Observatory of neutral and comparable information about clusters and cluster policies in Member States, represents a major contribution to promote mutual learning of policies at EU level and to promote evidence-based policy approach for supporting clusters.

Moreover, the provision of policy learning platforms that enable Member States and regions to learn from each other, in order to be able to formulate coherent policies that support clusters, is an perfect example of how the Community supports policies for cooperation among transnational clusters. This type of support includes: **Regional Innovation Strategies (RIS)**, which since 1994 have helped many lagging regions in EU to further develop innovation strategies, **Innovative Actions Programme 2000-2006** which was co-financed by the European Development Fund and finally **Regions for Economic Change**. This initiative launched under the Cohesion Policy aims to balance the experience between developed regions and those less developed.

The new objective of the cohesion policy for 2007-2013 is "**European Territorial Cooperation**"; its aim is to support integrated territorial development, interregional cooperation and exchange of good practices - focusing on innovation. There have been allocated for innovation, in the EU27, 2 billion euros, mostly for activities inter cluster, with benefits for several regions.

First generation of pilot projects and networking activities was launched under **PAXIS** initiative, its aim is to identify examples of "best practices" and develop tools for cluster development initiatives. As a result, there were a large number of successful practices that have been transferred to other regions in key areas through the development of start-ups, innovation financing, technology transfer, incubation and entrepreneurship. PAXIS manual for policy makers and practitioners describe these innovative practices in detail, providing a useful guide for creating and managing clusters.

One of the pilot projects is the initiative **Regions for Economic Change "Clusters Linked over Europe"** (CLoE), which brought together 18 organizations partners from 14

regions, to cooperate in the development and management of cluster initiatives. This included mutual learning through exchange of personnel and the development of detailed actions within regional clusters, evaluated through ("peer review") by other partners and the European Commission. Of great importance for the project success, was the signing of - Memorandum of Understanding for the employment of the Managing Authorities of Operational Programmes financed by the Structural Funds - to ensure that good ideas are translated into action practices.

EU has proved to be essential in boosting transnational cooperation between cluster policies at programs level. Based on the approach of **ERA-Net**, that was developed under FP6; the four "**INNO-Nets**" – based on the clusters formed under **PRO INNO Europe Initiative** – follow this approach. Such activities aim to mutual learning, identification and removal of barriers, development and testing with new policy instruments for SMEs. Two of these networks, that were created with representatives of national and regional governments and with innovation agencies, are engaged in bringing together cluster programs located in certain geographical regions such as the Baltic Sea Region and Central Europe; while the other two initiatives, are aimed at developing joint actions in the field of technology transfers, improving technology and the internationalization of SMEs, involved in specific clusters. The four INNO-Nets created together the **European Cluster Alliance**, representing an open platform for policy discussions, for developing joint activities and practical policy instruments. This alliance facilitates cooperation between partners involved in these initiatives, in order to work on a number of horizontal issues, such as: cluster management, support financing for clusters, using cluster maps for economic policymaking. Generally, Member States have already realized the importance of the transnational dimension of clusters along with the complementary role that the European Commission has to play in this regard.

CLUNE project was aimed to implement joint pilot projects, related to cluster innovation and policy development. The project has identified a broad range of political actors and programs to support clusters with the most dynamic growth, with the help of various policy instruments such as the internationalization of SMEs and policies of incubation. A number of cross-border cooperation initiatives has been developed to support growth and innovation, e.g. in the aerospace industry, environment and marine energy.

INNET project was developed as a consortium of 14 partners, representing national and regional innovative public bodies, aimed at identifying areas of common interest between the partner organizations, on one hand, and the development of joint political action to support

transnational cooperation between SMEs included in various clusters, on the other hand. The objectives of all these projects consists of facilitation of networking business links between different innovative SMEs, to exchange technical knowledge, to develop research projects and support technology transfer activities and mobility of staff between them, all this at EU level. In each participating country, information days were organized to encourage the participation of SMEs.

These examples show that there is interest for transnational cluster cooperation at economic policy level. But, as confirmed by feedback of participants, this type of cooperation could not take place without the financial support of the Commission. Only with the help of European funding advanced administrations are willing to share their experience with countries, that have more recently initiated policies and programs for creating clusters, and moreover, only those which have a particular interest to learn, especially for more effective implementation of regional development strategies .

In many areas, there have been made real progress in the preparation of closer cooperation between policies and programs on clusters from different Member States and regions by signing memoranda of understanding and launching joint pilot projects. Furthermore, various governments are now working more closely together to improve methodologies for mapping and assessing the impact of clusters. This would not have been possible without the initiatives launched so far by the European Community.

Experts conclude that, further progress must be made regarding the removal of some restrictions currently in practice, in order to achieve closer cooperation between the different Member States and regions. This would require the development and practical application of new legal instruments for cross-border cooperation, such as the “**European Grouping of Cross-Border Cooperation**” (see Regulation 1082/2006 of the European Parliament, 5th July 2006, published in Official Journal of the European Union).

INITIATIVES ON CLUSTERS AND CLUSTER ORGANIZATIONS IN EUROPE

As a result of cluster development policies and programs, we register many organizations that have developed as clusters. It is estimated that in Europe, there are more than 500 clusters, with different tasks and support staff. Managing cluster appears as a new profession with the aim of providing targeted support to these companies.

Cluster initiatives are organized efforts to increase competitiveness within regions, which involves private businesses, public bodies and/or academic institutions inside regional and sectorial system. They may be based, but not necessarily on the existing formulated cluster’s

policy. The research of Global Cluster Initiative, 2005, identified more than 1,400 world cluster initiatives, usually following a bottom-up approach, which are increasingly managed by specialized institutions such as cluster organizations.

The role of transnational cooperation between cluster initiatives and cluster organizations to strengthen clusters.

In recent years, many cluster initiatives have become more active in establishing international links and strategic alliances with other cluster initiatives to better serve their customers. Just as businesses are being internationalized, same thing will happen to support organizations and institutions. Traditionally, the focus of many cluster initiatives was on improving internal activities related to the cluster's business environment, strengthening the links between participants in the cluster and upgrading strategies and operations. To these, it was added the creation itself of international links between clusters and the cooperation between clusters initiatives. One can observe a strong trend towards transnational cooperation between actors from different clusters and areas. Cooperation within international clusters and between clusters can help to increase the internationalization of firms and their access to technology of excellence, which was not possible within the narrow boundaries of an isolated cluster. As organizations serve the needs of cluster firms, they must also provide services to facilitate international contacts and partnerships, which can be triggered by cooperation with other clusters. Moreover, companies must remain open to new ideas, and cluster organizations must play an important role to provide companies access to global networks. Transnational cooperation is regarded as the correct approach to combat the risk of cluster sclerosis.

The Project "**Adriatic Danube Clustering**" (ADC) is one of the numerous projects that implement the European Union policy of support for cluster-based economic development. This project is financed as part of the Transnational Cooperation Program for South-East Europe 2007-2013, a program with European funding in which Romania has the Institute for Economic Forecasting as partner in the project. The Institute for Economic Forecasting is running the ADC project in partnership with other eight countries in the Adriatic-Danube region, Italy, Serbia, Slovenia, Bulgaria, Croatia, Montenegro and Bosnia-Herzegovina.

The ADC Project intends to identify in each partner country in the Adriatic-Danube area companies and/or clusters that have been built or are in the process of being built and have activities in strategic and competitive sectors of the economy of the nine countries and that are of common interest for all the partners in the project, for the purpose of supporting

them in the process of development following opportunities of transnational cooperation in general and cooperation among the countries in the project, in particular.

After deep investigations during the ADC project, there were discovered in Romania the following

Existing clusters in strategic sectors :

- **Automotive sector (2)** : “Automotivest” and Dacia Renault - Regional clusters;
- **ICT sector (2)** : ICT Regional Cluster in Timisoara and ICT regional Competitiveness Pole in Craiova
- **Silviculture and Wood Industry:** “Pro Wood” regional cluster
- **Renewable Industry:** Green energy cluster
- **Tourism (4)** : Tourism Gorj Cluster, South East Tourism clusters in Mamaia and Tourism Prahova Cluster, ”Bucovinatur” - Suceava
- **Agro- food (3):** Agro-Food regional clusters in Arad, Bucharest, Iasi
- **Electro-techniques:** “Electroprecizia” electro- technical regional cluster;
- **Textiles:** “Astrico” textiles cluster;
- **Furniture:** Furniture cluster;
- **Clothes :** Fashion Clothes cluster;
- **Geothermal Energy:** Geothermal energy cluster

and

Key Sectors for Clusters’ Development :

- **ITC Industry** , including software and services IT, telecommunication and hardware;
- **Electric, electronics, electrotechnics engineering /equipements**
- **Automotive industry**
- **Machines, equipment and apparatus :** mechanical machinery and equipment, electrical machinery and apparatus, road transport means, ships and naval transport equipment,
- **Metallurgy – metallic constructions and metal products - :** pig iron, iron and steel, aluminum and aluminum products, metallurgical products another than those mentioned
- **Mechanical engineering**
- **Wood and furniture**
- **Textile, clothing and footwear product**
- **Agro food**

- **Chemical industry:** fertilizers, fuel and mineral oils, petrochemical production facilities, rubber and rubber articles, plastics and articles thereof, inorganic chemicals
- **Tourism**
- **Logistics**

But the ADC Project intends to identify in the Adriatic-Danubian area companies and/or clusters that are already formed or are about to be formed – with activities *only* in the sectors of common interest for all the partners in the project. Under these circumstances there were selected on objective base, the following common strategic sectors in ADC area: the sector of Food: processing, preservation and packaging of food products and related technologies; the sector of “Building and modernization of living dwellings”; the sector of Logistics and the Sector of “Mechatronics.

The goal of ADC project is to support the companies in these four economic sectors of strategic importance for the countries involved in the ADC project, preferably integrated in national clusters, to cooperate among themselves for the formation and/or development of competitive and effective transnational clusters.

The advantages of integrating companies in transnational clusters via the ADC project are mainly the following:

- Priority to European funding, on the occasion of calls for proposals of projects, meant to promote and develop transnational clusters;
- Enlisting the companies in a common data base of the nine partner countries, structured on the four sectors mentioned above, creating in this way a virtual platform which will be active even after the project is completed and which will facilitate the initiation and consolidation of cooperation among the respective companies;
- Mutually knowing about opportunities for cooperation between enterprises/firms/companies in the nine partner countries in the project.
- Acquiring an important and direct experience on the markets of South-East Europe by direct contact with the economic and entrepreneurial realities in this area;
- Facilitation of an exchange of knowledge on the production processes, for an easier and effective collaboration, as well as for a more active presence in the South-East European countries.;
- Promotion of new trade relations among the companies that cooperate in producing a finished product, as well as among the local production systems involved;

Until now, the socio-economic profile of the area has been defined within the ADC Context Analysis, based on the main economical indicators on the NUTS II and NUTS III level, of which we present the most relevant: GDP/capita and unemployment rate – as partial results of the ADC Economic Map. Besides these, there are also presented the Romanian Clusters Map, and a part of the identified ADC clusters maps in some sectors, in which Romania poses also innovative clusters.

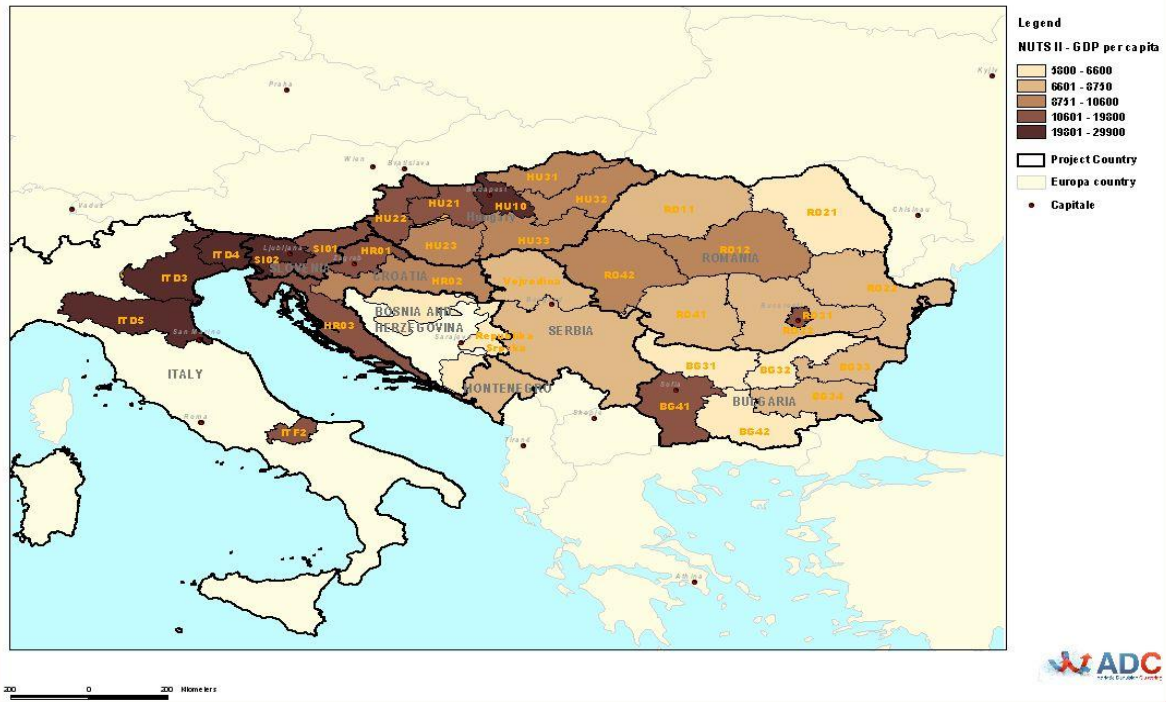
We have to take into account that the most romanian clusters are rooted into artisanal traditional forms, rely on the existence of local resources, continually promoted by local entrepreneurship efforts, as well as by direct foreign investments. Moreover, as it is known, economic development and cluster formation represent a dynamic process, involving certain alterations on a long term and, in some cases, even on a short term. All the more so, surveys generally conducted in the topic are presented as „cluster mapping exercise”, subject to certain amendments of the results every 3-5 years. In conclusion, the clusters are not stable over time but change continuously. The continuous success of clusters depends on their capability to change and to adapt.

Annexes

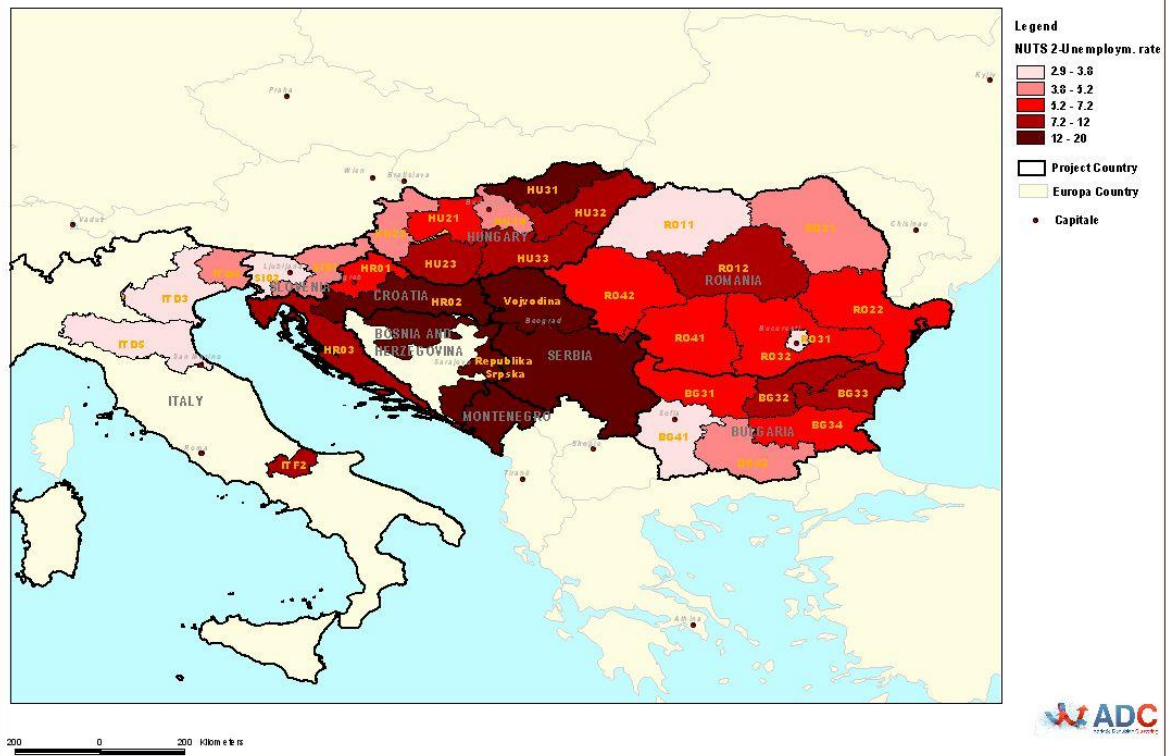
Innovative clusters in Romania



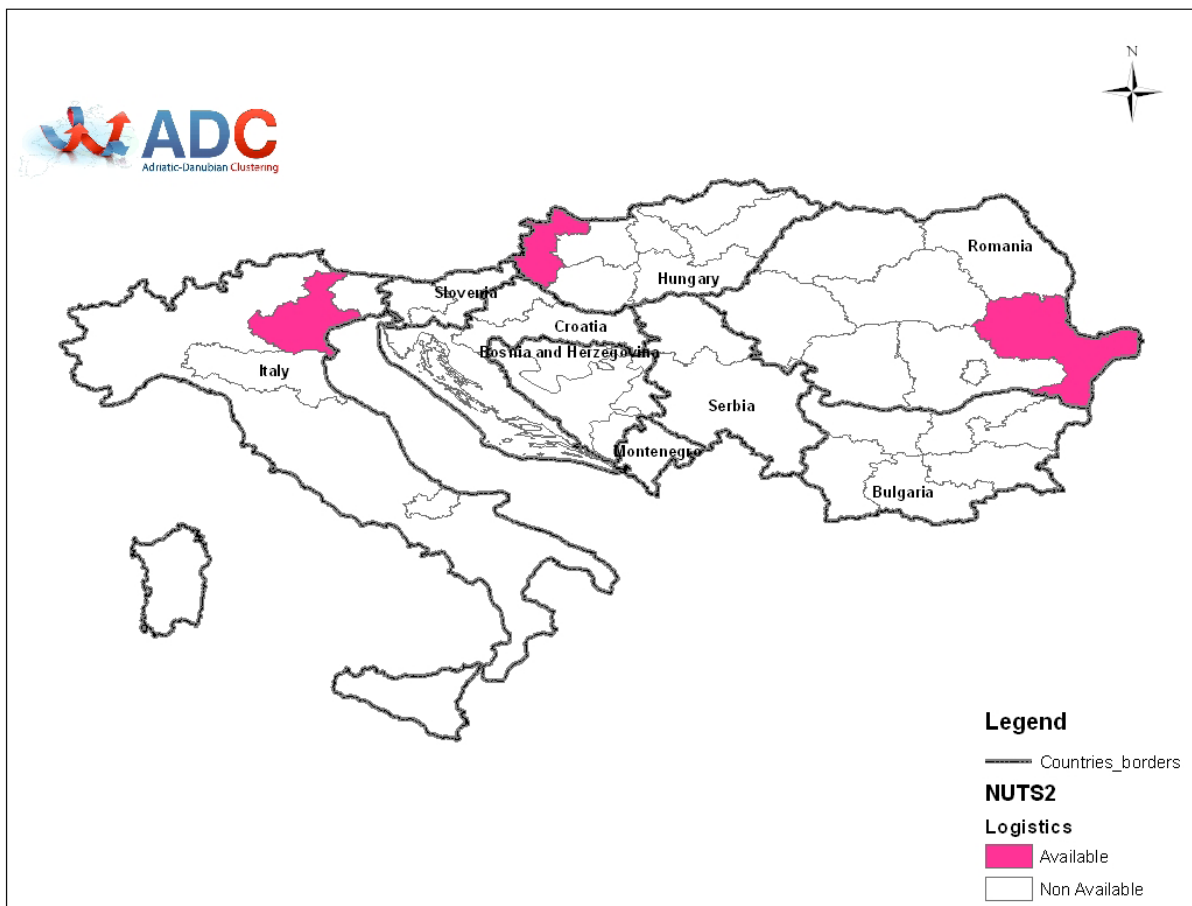
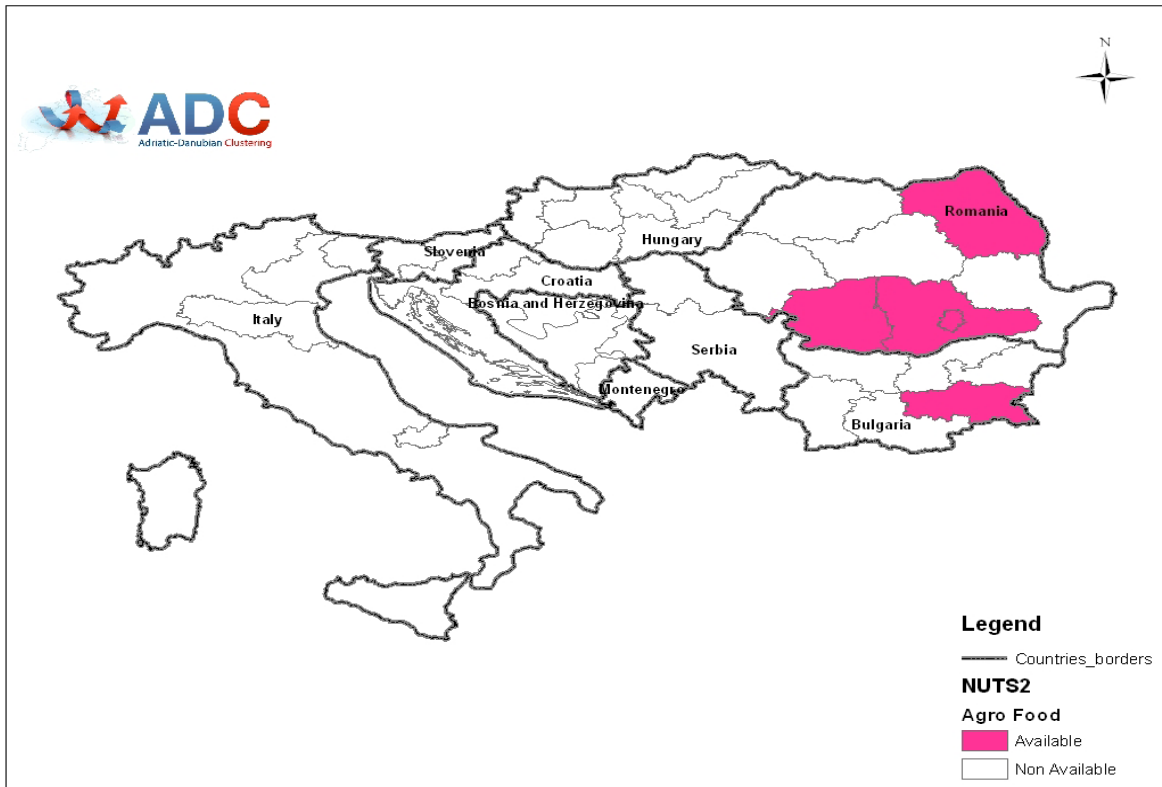
ADRIATIC DANUBIAN COUNTRIES - GDP per capita (2006)



ADRIATIC DANUBIAN COUNTRIES - Unemployment rate (2008)



Clusters in Agrofood and logistics fields



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