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DOE Lab of the Future Workshop - The Geography of Innovation

Regional Cluster Policy and Economic Development

European Case Studies

Basque cluster policy

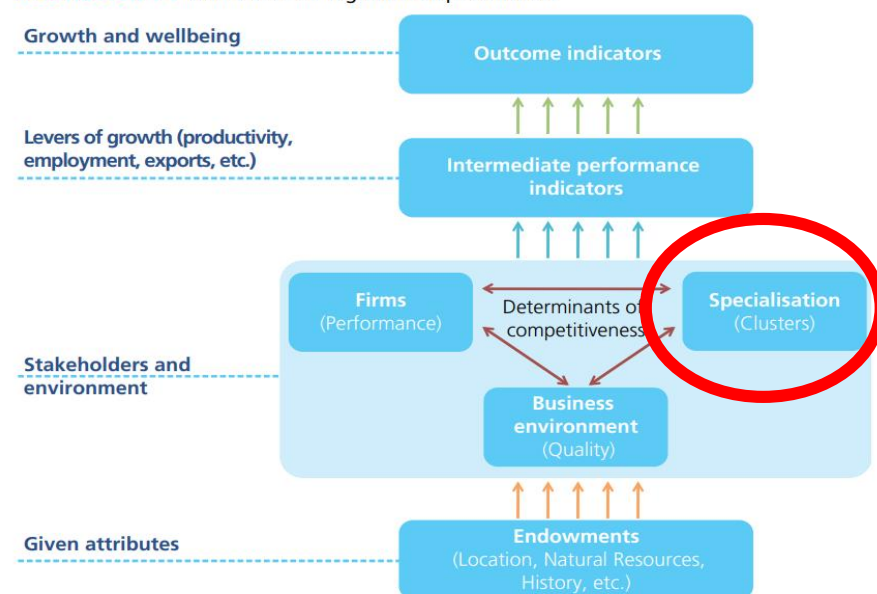
Outline

1. Why clusters & Basque
2. Basque cluster policy
3. Adds on...

Basque cluster policy

- ✓ Durability, more than 30 years
- ✓ Econ Development & Transformation
- ✓ Integration into reg competitiveness framework

ILLUSTRATION 1-1 Framework for regional competitiveness



Source: Compiled by authors.

Source: <https://www.orkestra.deusto.es/images/investigacion/publicaciones/informes/informe-competitividad-pais-vasco/2017-Orkestra-Competitiveness-Report.pdf>

1. Orkestra – Basque Institute of Competitiveness

- Orkestra Basque Competitiveness report 2017 (Chapter 3 Cluster and cluster policy), <https://www.orkestra.deusto.es/images/investigacion/publicaciones/informes/informe-competitividad-pais-vasco/2017-Orkestra-Competitiveness-Report.pdf>
- Interreg Project Clusters3 working papers comparing and analyzing different cluster policies incl Basque one <https://www.interregeurope.eu/clusters3/>

2. TCI Network & EU

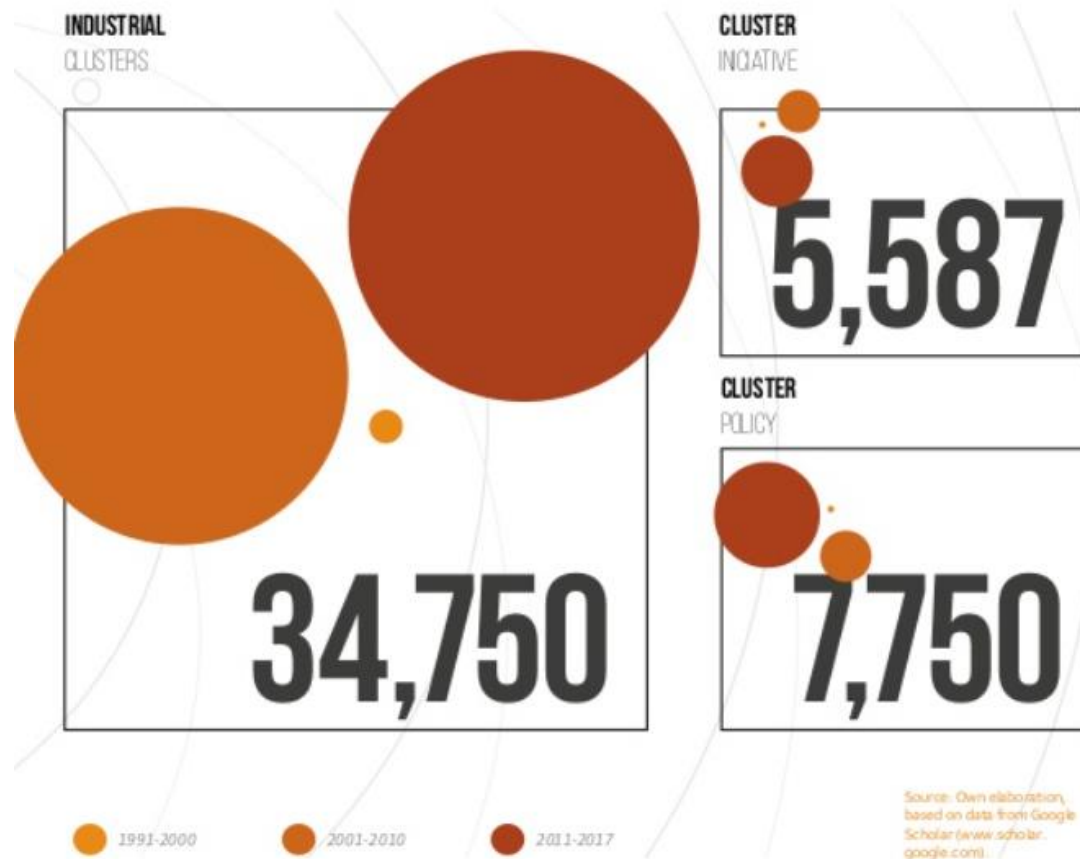
- TCI 20th anniversary book, incl. article (as of slide 32) Wilson, Konstantynova, Aranguren (2017) “Clusters and cluster policy in the next 10 years”, <https://de.slideshare.net/TCINetwork/20th-tci-anniversary-commemorative-book-the-past-present-and-future-of-clusters>
- European Cluster Collaboration Platform (latest news, etc...with EU focus) <https://www.clustercollaboration.eu/Smart-guide-to-cluster-policy>, EU commission (2016), <https://www.cluster-analysis.org/downloads/smart-guide-to-cluster-policy>

3. PHD

- Konstantynova (2016) Basque country cluster policy the road of 25 years, <https://www.tandfonline.com/doi/full/10.1080/21681376.2017.1322528>
- Konstantynova (2016) PHD Regional Cluster Policy and Economic Development – Case study of the Basque Country and Upper Austria, <http://www.sgg.si/wp-content/uploads/2016/06/2016-Regional-Cluster-Policy-and-Economic-Development.pdf>
- Konstantynova (2019) Cluster policy change and evolution: facilitating regional smart specialisation and economic development, <https://ideas.repec.org/a/ids/ijsbu/v10n2019i2n127>

“La Ventaja Competitiva”
Porter, M. (1991): Ekonomiaz 21, p.156

1. Why clusters?



Economic reasons: **external benefits.**

Company gains:

- Innovation: tacit knowledge
- Product costs: search, transportation
- Business: trust, new contracts

Result:

- **higher efficiency/productivity** for companies and **better quality of products/services** for customers.

Government:

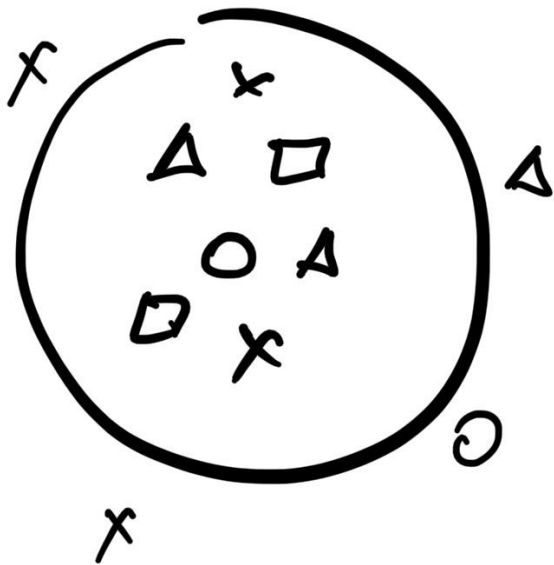
- Information, market tools, connection

Source: Wilson, Konstantynova, Aranguren (2017): TCI 20th Anniversary

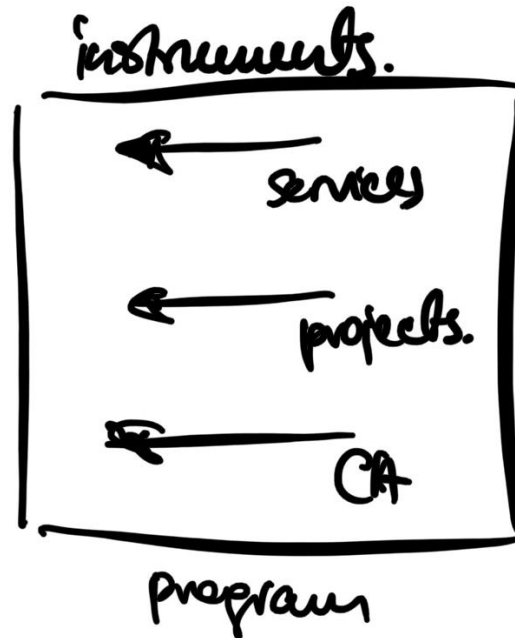
<https://de.slideshare.net/TCINetwork/20th-tci-anniversary-commemorative-book-the-past-present-and-future-of-clusters>

1. Recap

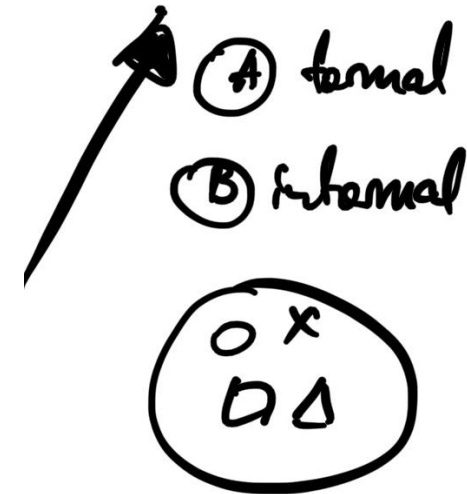
1. Cluster



2. Cluster policy
(incl. program)

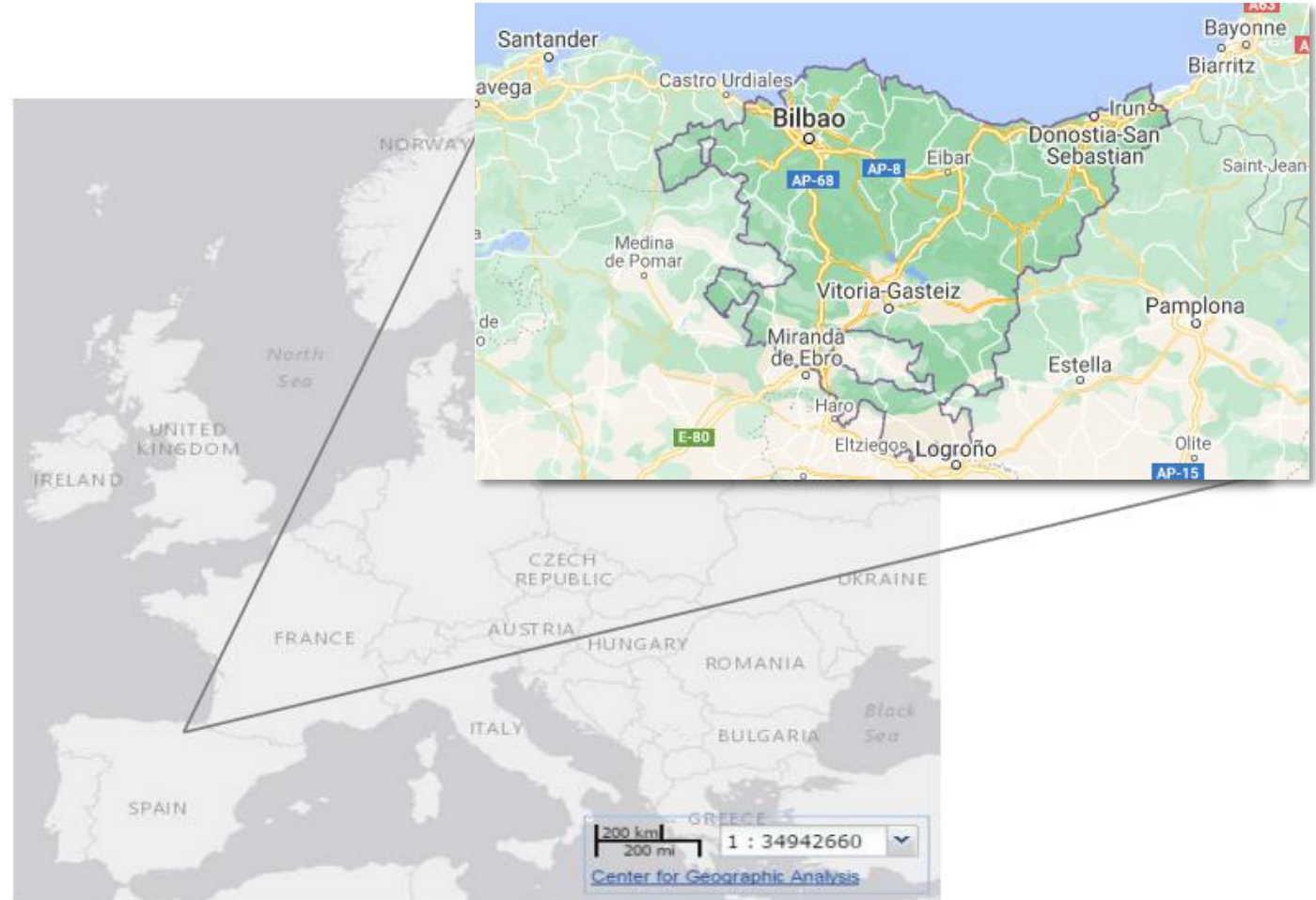


3. Cluster associations
(initiative, etc.)



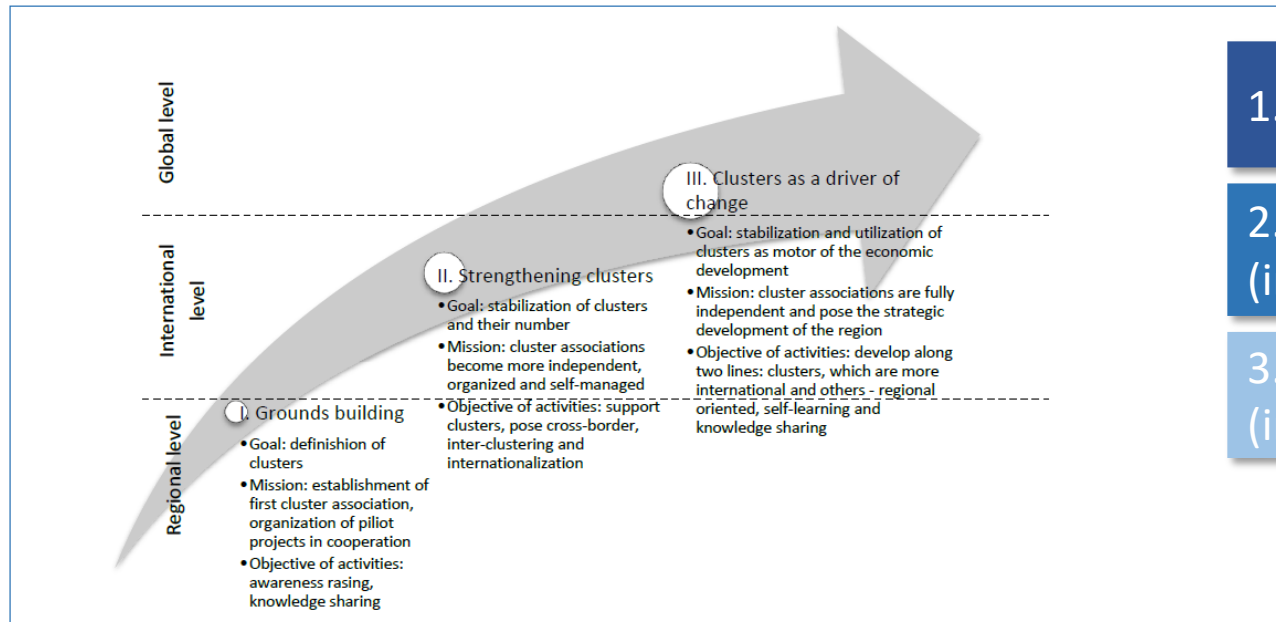
2. Basque country

Indicators	Basque country	New Jersey (Princeton Plasma Physics Lab)
GDP total	85,233 M USD 2018	644,841 M USD 2019
GDP per capita	39,136 USD 2018	72,385 USD 2019
Area	7,234 km ²	22,591 km ²
Population (Mio)/ Density*	2.2 M 2018/ 304	8.9 M 2018/ 394



2. Basque cluster policy

Policy periods



1. Clusters -> analysis

2. Cluster policy -> permanence (incl. program)

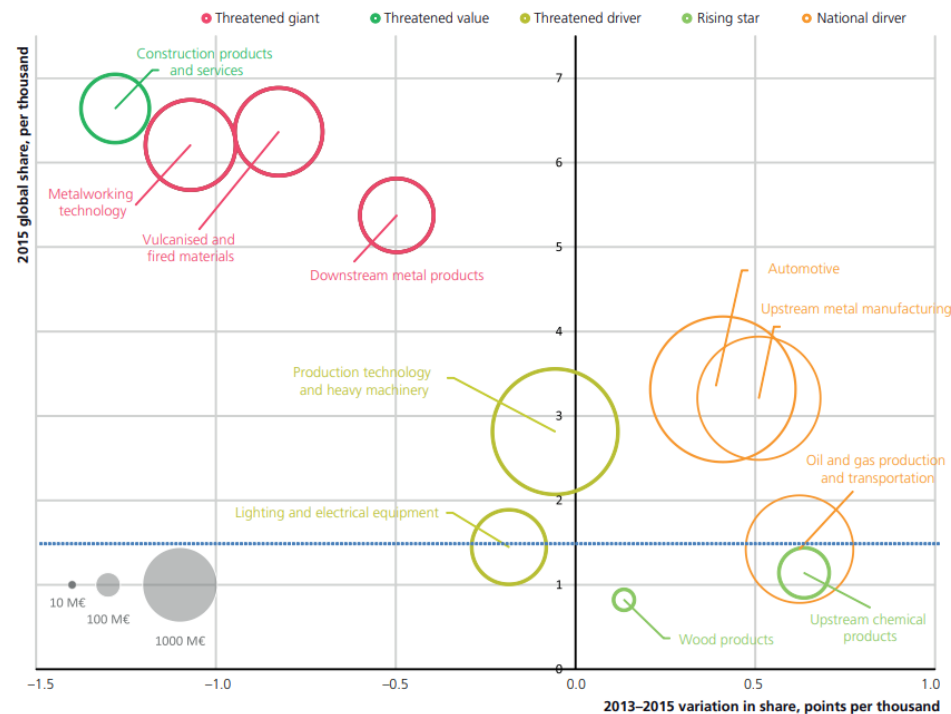
3. Cluster associations -> coordination (initiative, etc.)

Cluster projects

Cluster coordination

2.1. Basque country Cluster analysis

GRAPH 3-2 Main export clusters in the Basque Country based on export data (2013-2015)



Source: <https://www.orkestra.deusto.es/images/investigacion/publicaciones/informes/informe-competitividad-pais-vasco/2017-Orkestra-Competitiveness-Report.pdf>

- Clusters are well identified, monitored and reviewed
- Same language – same people
- Support of research institutions
- Clusters are reflected in the cluster policy document



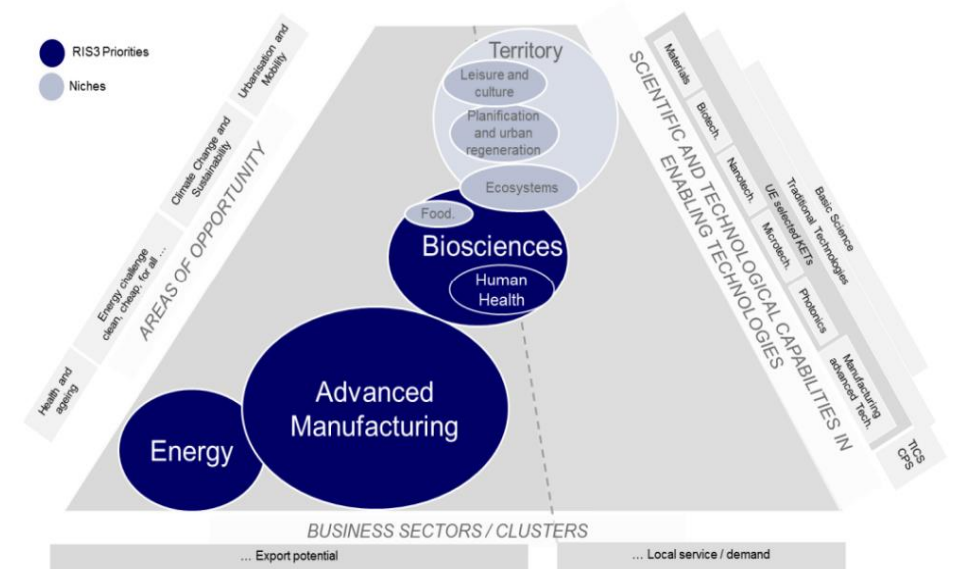
<https://www.orkestra.deusto.es/en/research/training-territorial-competitiveness/1042-microeconomics-competitiveness-moc8>

2.2. Basque country Cluster policy

Period/ Feature	I	II	III	IV
Policy development				
Action	Cluster (associations) establishment	Setting strategic programme planning for cluster associations	New cluster identification/ pre-clusters and inter-clustering	Sharing organizational powers and building new sector priority
Core objectives	Identification; Realization of competitive strengths; Productivity	Internationalization; Learning; innovativeness	Cross-cluster spill overs; new innovation opportunities; hidden industries	Innovativeness, internationalization and industry focus;
Government involvement	High	High to medium	Medium	Lower medium
Selected programmes	Industrial Policy Framework (1991-1995; 1995-1999)	Industrial Plan for Economic Promotion (2000-2003)	Competitiveness and Social Innovation Plan (2006-2009), Business Competitiveness Plan (2010-2013)	Business Internationalization Plan (2014-2016)



Figure 2: SPRI's Triangle Framework



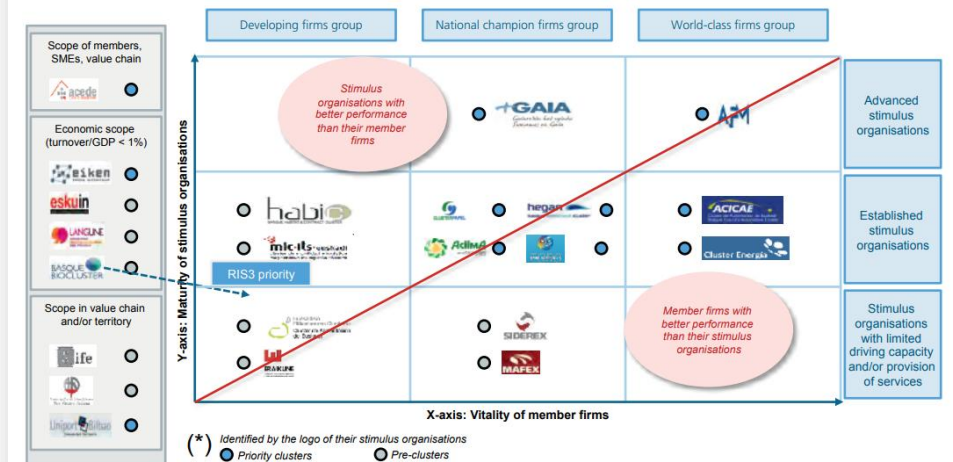
Source: SPRI / Basque Government

<https://www.orquestra.deusto.es/images/investigacion/publicaciones/informes/cuadernos-orkestra/Ris3-Euskadi.pdf>

2.3. Basque country Cluster associations

Period/ Feature	I	II	III	IV
Cluster associations				
Cluster Association	Cluster associations (11 established, 1 closed)	Cluster associations (2 more established)	Cluster & pre-cluster associations (10 more established)	Cluster & pre-cluster associations (In total exist 11 cluster & 11 pre-cluster assoc.)
Membership	Closed	Closed to open	Open	Open to all institutions from sector
Activities	Organization of meetings for knowledge sharing, identification of companies' needs and problems, education management	Strategic reflections, consensus building, creation of formal committees on thematic areas, designing action plan	Assist companies in their technological development and process innovation, support in regional, national and international expansion to new segments and markets	Assist in the internationalization activities, education in business management, training, workshop, fair trades
Thematic areas	Technology & innovation Quality management Human resources development	Technology & innovation Quality management Human resources development	Internationalization, Quality, Technology & innovation, Education	Internationalization, Quality, Innovation, Education
Funding	Mixed	Mixed	Mixed	Mixed
Type of CA	Priority	Priority	Priority & Pre	Priority

ILLUSTRATION 3-1 Status map of clusters in the Basque Country as a basis for policy change



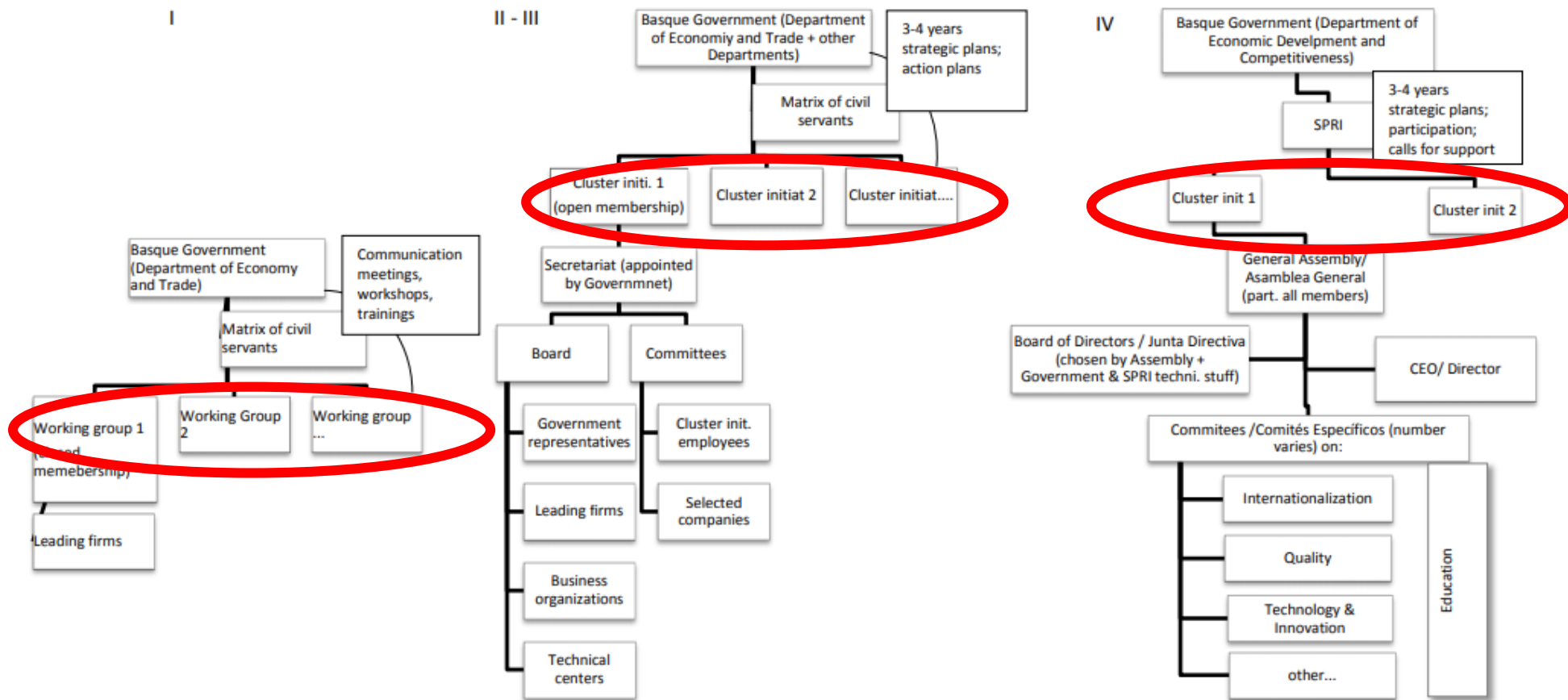
Source: SPRI.

<https://www.orquestra.deusto.es/images/investigacion/publicaciones/informes/cuadernos-orkestra/Ris3-Euskadi.pdf>

2.3. Basque country

Cluster associations -> coordination

Graph 17 Evolution of coordination and communication between Basque Government and clusters (period I / II-III/ IV)



2.3. Basque country

Cluster associations -> projects

Period/ Feature	I	II	III	IV
Projects				
Thematic focus	Productivity & innovation Generic Projects	Technology, Quality, Business Management	Innovations, social impact, knowledge generation	Internationalization, marketing
Name	Type 2; Cooperation projects	Supply-Demand, Cooperation, Individual, Integrated projects	Inter-clustering, Training, Know-how transfer	Inter-clustering, Know-how building and transfer
Involvement of other organisations	Government + leading company	Government + leading company + technological centers	Government + companies + technological & research centers	Public institutions + companies + technological, innovation & research centers

Table 23 Generic (type 2), individual & in cooperation projects per cluster, 1993 – 1996, the Basque Country

Year	1993		1994		1995		1996	
Project per cluster	Ind.	Coop.	Ind.	Coop.	Ind.	Coop.	Ind.	Coop.
Machine Tools	161	208	227	140	199	82	295	130
Electronic Household Appliance	62	46	55	131	81	100	36	67
Automotive	11	288	25	300	73	313	94	234
Aeronautics	27	-	38	12	7	58	19	125
Electromechanics-Computing	252	77	299	264	338	277	370	395
Environment	-	-	91	-	102	38	93	122
Other	267	-	208	-	113	85	250	156
Total	780	619	943	847	913	956	1157	1229
Type 2 generic projects (share of total generic projects)	31%		61%		55%		49%	
Amount (million pesetas)	538		891		1,234		3,901	

2. Basque cluster policy

Lessons learned

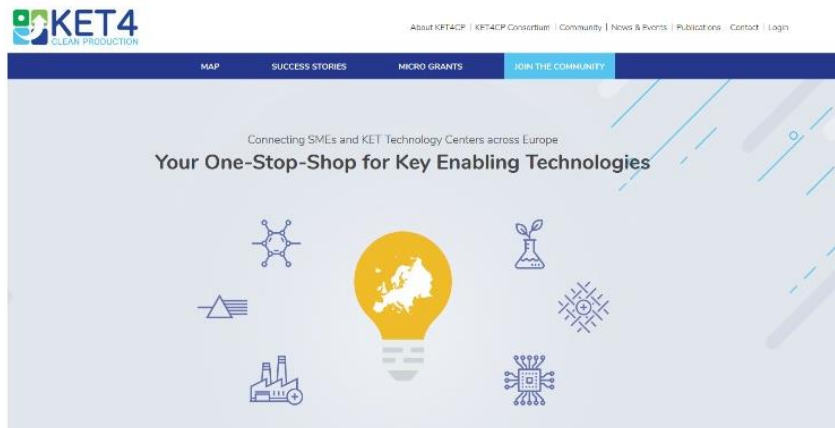
- **Integration into Competitiveness** (Industry/ Growth/ Trade/ Innovation...) **policy agenda** -> for common and sustainable view towards cluster support and long term view
- **Sound analysis and Smart specialization**-> for smart and structural cluster prioritization
- **Resources** -> finding financial resources for the implementation and realization of the cluster policy
- **People make a difference** -> connecting and engaging the right people into the policy development and implementation incl. cluster associations
- **Public private cooperation**: business – public – research -> for passing the ‘valley of death’, avoiding the gap between basic research and business needs

3. Adds on

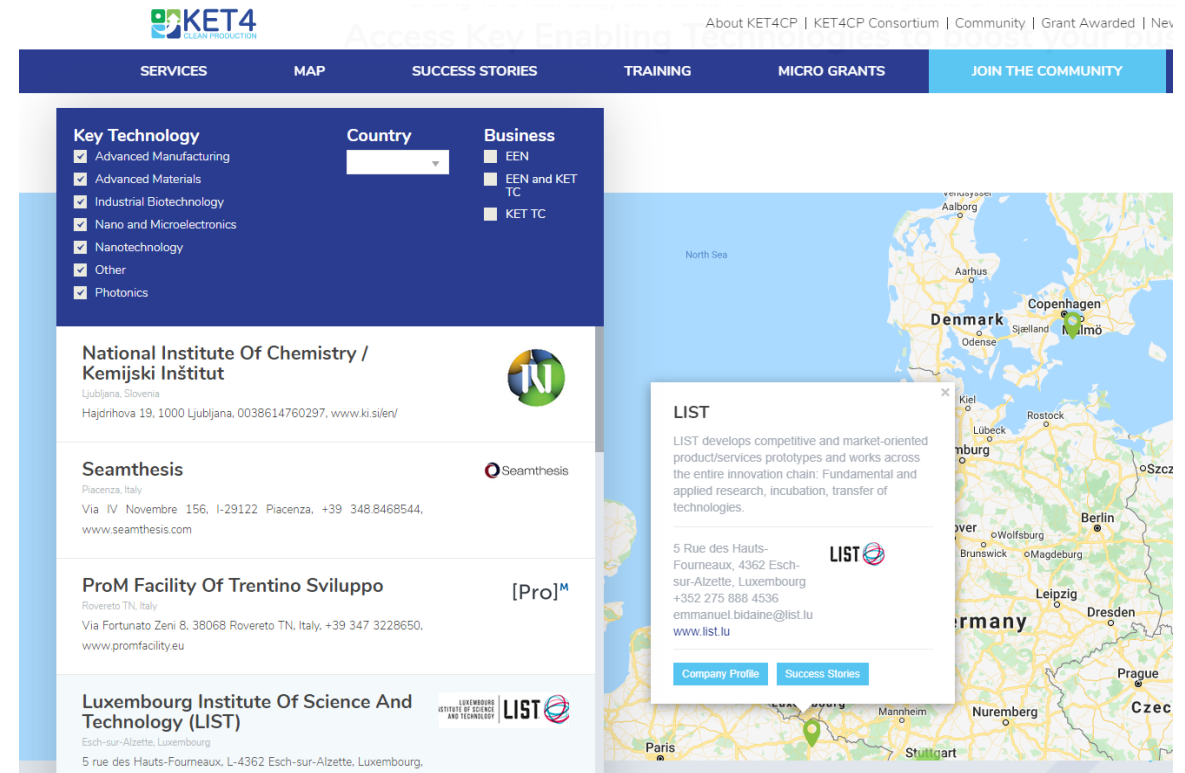
Other European cluster cases

- **Cluster** -> definition of the concept in the country context and their mapping -> **EU Commission & ECCP** (cluster mapping)
- **Cluster policy** -> formulation of the initiatives and instruments supporting / facilitating cluster development and growth -> **Upper Austria** (integration into Strategy 2020)
- **Cluster initiatives (organizations)** -> setting of institutions (formal/ informal and with government or business support) facilitating cluster operation -> **Baden Wuettenberg** (operation via Cluster Agentur BW)

3. Adds on KET4SME



www.ket4sme.eu



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