

# **THE POTENTIAL ROLE OF CLUSTERS IN RESPONSE TO THE CURRENT UNCERTAIN TIME**

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Ljubljana, 2 July 2009**

## **Themes:**

- **Why and how can clusters facilitate the way out of the economic crisis**
- **Clusters as a key driver for attracting foreign direct investment**

# WHY AND HOW CAN CLUSTERS FACILITATE THE WAY OUT OF THE ECONOMIC CRISIS

## WHY

- Clusters provide fertile environment for innovation, boosting jobs and growth.
- Clusters provide easier access to capital (particularly for SMEs), help to identify and provide access to new partnership, and ensure quality of activities.
- Clusters could be good platforms in which social cohesion will remain.
- Network component of clusters is a pivotal factor of new firm creation – it enhances collaboration and non-economic resources, it fosters information exchange.

# **WHY AND HOW CAN CLUSTERS FACILITATE THE WAY OUT OF THE ECONOMIC CRISIS**

## **HOW**

**Clusters should work to become promising hubs for global competitiveness:**

Innovative ecosystem capable of fast and effective reaction to market opportunities by stimulating the development and growth of entrepreneurially driven enterprises which grow rapidly and achieve global market success.

**Innovation: “hard” and “soft” !**

# WHY AND HOW CAN CLUSTERS FACILITATE THE WAY OUT OF THE ECONOMIC CRISIS

## HOW

### **Increase international cluster cooperation (EU and outside)**

- Access to the most advanced technologies.
- Access to best know-how and talents world-wide
  - Knowledge transfer;
  - Specialised knowledge building;
  - Specialised skills.
- Existence of dynamic agglomeration effects including long-term development of trust, information and knowledge spillovers between cluster companies and their competitors.

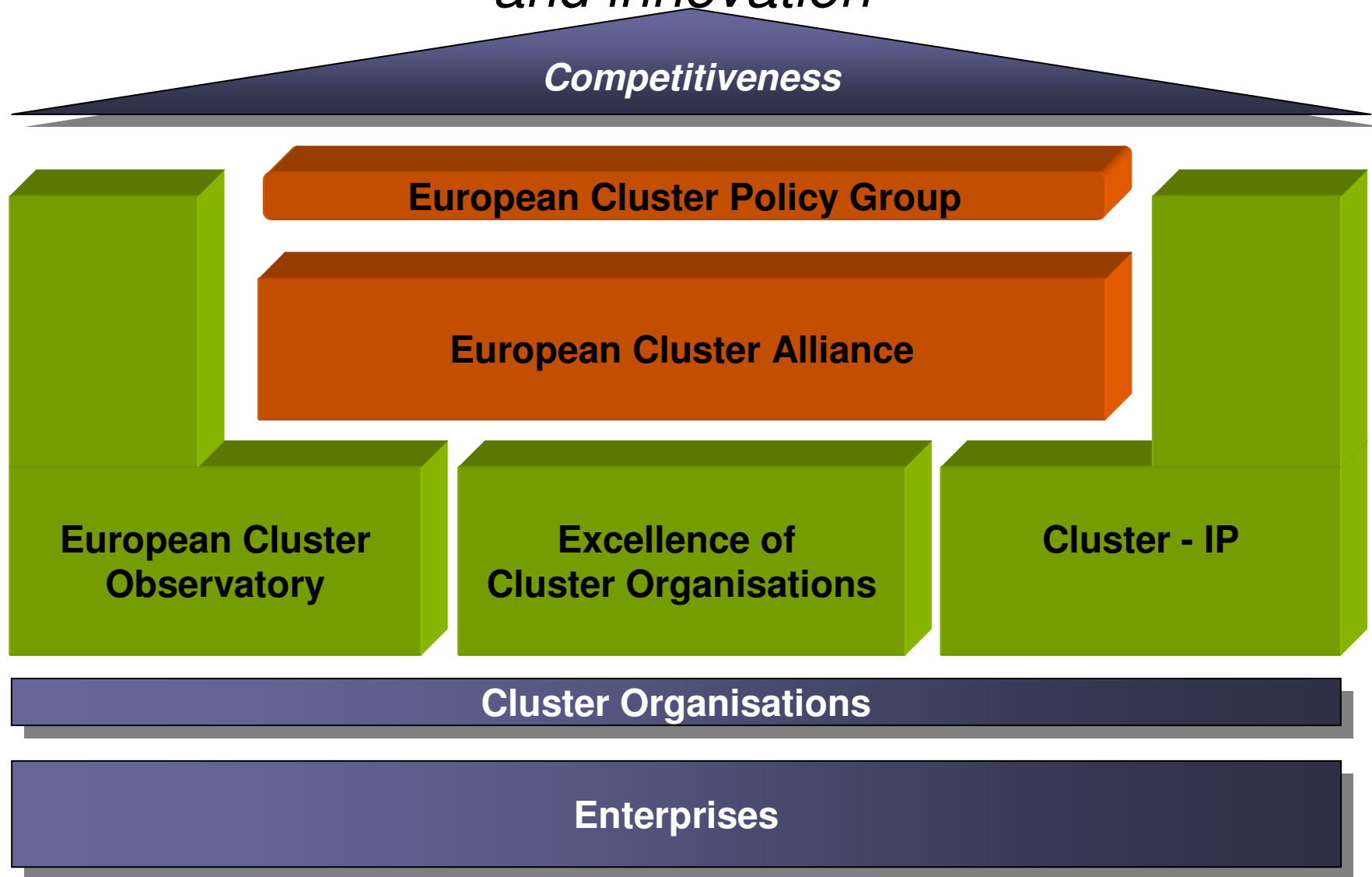
# **WHY AND HOW CAN CLUSTERS FACILITATE THE WAY OUT OF THE ECONOMIC CRISIS**

## **HOW**

Setting framework conditions for clusters as drivers of competitiveness and innovation:

**EU strategy for accelerating the emergence of more internationally competitive clusters in Europe.**

# *Clusters as drivers of competitiveness and innovation*



# **ECPG**

The **ECPG** among others will play a key role in further developing a more consistent strategy in support of international cluster cooperation which is an important element of the overall EU strategy for accelerating the emergence of more internationally competitive (world-class) clusters in Europe.

# CLUSTERS AS A KEY DRIVER FOR ATTRACTING FOREIGN DIRECT INVESTMENT

## WHY

### **Emperical evidence (IMF WP/05/193):**

Increasing returns are the dominant driving force of economic geography in the U.S. and Europe.

Opening an economy is no longer enough to attract DFI.

There is a need to develop attractive configurations (of local spillovers) that can generate agglomeration externalities and make investment efficient.

# CLUSTERS AS A KEY DRIVER FOR ATTRACTING FOREIGN DIRECT INVESTMENT

## WHY

Clusters are concentrations of firms in one or a few industries, benefiting from synergies created by a dense network of competitors, buyers, and suppliers. They comprise buyers, specialized suppliers, sophisticated human resources, finance, and well-developed support institutions.

Clusters also include producers of complementary products, specialized infrastructure providers, institutions providing specialized training, education, information, research and technical support (such as universities, think tanks, vocational training providers), and standards-setting agencies.

# CLUSTERS AS A KEY DRIVER FOR ATTRACTING FOREIGN DIRECT INVESTMENT

## WHY

### **Investment incentives**

- agglomeration externalities,
- positive externalities through backward and forward linkages,
- increasing returns and attracting other investment.

Clusters make investment more efficient, strengthen domestic markets, and increase returns via spillovers.

Lower risk of making FDI profitable!