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FRENCH MEMORANDUM ON THE EUROPEAN CLUSTER POLICY

The French Government wishes to share its thoughts on the European Commission's forthcoming communication on European Cluster Policy, and to make the following proposals:

1. The cluster policy must take account of and be in line with all Union policies seeking to further the EU's drawing power, the competitiveness of European firms and healthy competition between the various stakeholders. It is part of a series of similar initiatives, alongside implementation of a European Small Business Act and strengthening of the single market.
2. Clusters feature largely in the Union's innovation and competitiveness strategy, which was designed to make Europe a leader in the knowledge economy – the aim of the Lisbon strategy:
 - a. The Commission has put clusters at the heart of its industrial¹ and innovation² strategy, regarding them as an asset for making firms competitive.
 - b. The term 'cluster' covers structures of various sizes and composition, and with differing objectives. These include industrial clusters, which are organised around a particular activity and/or a principal industrial participant, research clusters and competitive clusters that bring together participants in the fields of industry, research, and education.
 - c. The European cluster memorandum concerns European clusters and was presented at the January 2008 Stockholm conference. It outlines a cluster strategy for Europe as part of a policy based on the knowledge economy, promotion of excellence, cooperation between the various institutional levels, and the need to implement cooperation between clusters.
3. This strategy, which must take account of the various institutional contexts in the Member States, must be in line with the broad guidelines of Community policy as a whole (competition, innovation, etc.) and also seek to identify the most appropriate tools to make Europe a world leader in terms of innovation.
 - a. We agree with the cluster memorandum's premise that "strong clusters emerge and flourish best in open markets where competition exists within and between clusters". A healthy competitive spirit is essential to the emergence of the strongest and most high-performance clusters. Such a spirit is equally necessary between players within the same cluster, acting as a spur to the innovation process, but it must also exist in a context of real cooperation between players.
 - b. A European cluster strategy must be based upon strong local anchoring, which should include high-level research infrastructures, major industrial concentrations likely to make use of research findings, and universities and schools to provide training in the technologies furnished by the clusters. Such anchoring must have the support of local

¹ Communication of 4 July 2007 – Mid-term review of industrial policy

² Communication of 13 September 2006 – Putting knowledge into practice: A broad-based innovation strategy for the EU

authorities. Any dispersion that might result from too many initiatives not reaching critical size is, however, to be avoided.

- c. European cluster strategy must be based on the notion of excellence, which goes beyond the industrial concentration on its own. The European Union must see the emergence of world-class clusters capable of competing successfully at global level in the field of innovation. Such a notion of excellence requires that certain conditions be met:
 - i. The most competitive clusters will be those that best carry out the innovation process, i.e. clusters **based on a high level of cooperation between firms, research and educational institutions, and financial stakeholders** in the search for excellence.
 - ii. In order to compete at a global level, states must foster strategies to encourage the emergence of world-class **clusters working on ground-breaking technologies** – the only clusters capable of challenging the technological concentrations of our international competitors. Such technologies may be applied in response to the needs of industrial production, to consumer demand, or to social needs, for example concerning the environment.
 - iii. The participation of the major industrial players is an important element in the success of clusters. **The involvement of small and medium-sized enterprises (SMEs) is vital to such success**, given their ability to speed up the innovation process. A dynamic cluster policy must include a strategy designed to encourage growth of SMEs, based in particular on financing and international cooperation.
4. As the cluster memorandum points out, both national and local government authorities have a role to play in the cluster implementation strategy. Public intervention must be appropriately applied to remove obstacles to the development of innovation, and to correct any imperfections in markets.
 - a. **Government involvement must take place at the most appropriate level.** It must take national institutional contexts into account, based on the principle of subsidiarity. It must take a ‘bottom up’ approach in implementing the strategy. As the cluster memorandum states, clusters came into being through the initiative of Member States. **The key role played by Member States in the emergence and development of clusters needs to be reaffirmed.**
 - b. Cluster policies assume a high level of cooperation between local and national government authorities. **Such coordination should be stressed, in compliance with the institutional regulations of each Member State.**
 - c. Member States must encourage participants to work together. **Bi- and multilateral cooperation between clusters** fosters the emergence of world-class clusters. **Such inter-cluster cooperation must be theme- or sector-based. Operational stakeholders, principally firms, will benefit from this.**
5. To be successful, a European cluster strategy requires the involvement of all institutional stakeholders, each acting within its specific area of responsibility. In such a strategy, the active participation of European institutions, the European Commission in particular, will be one measure of success. **They will thus be likely to propose to Member States** the mobilisation of

those Community instruments best adapted to ensuring a successful cluster policy. **We call upon the Commission to consider the following proposals:**

- a. **We support the initiative of the European Cluster Observatory, although its operation could be improved.** The policy's success assumes that cluster stakeholders receive all the information necessary for them to cooperate fully with other European players. This tool, while remaining moderate in size, could be supplemented with further data on major cluster stakeholders, technical initiatives likely to lead to cooperation, and needs expressed for cooperation.
- b. Such cooperation would be facilitated by the set-up of a limited number of platforms or services encouraging inter-cluster and inter-player cooperation, particularly as regards cooperative projects.
- c. **The Framework Programme for Research and Technological Development (FPRTD) is essential** in the financing of research and development as well as innovation, and must, in particular, enable support for the Union's priority policies, in which clusters figure strongly. Accordingly, cluster-only calls for tender is an area that could be explored. **In addition, cluster governance bodies could coordinate** innovation projects and be financed under the FPRTD for such coordination, so facilitating cluster and SME access to the FPRTD.
- d. **There must be easier access to other European funding sources** for cluster development, including **regional financing** (ERDF and INTERREG), **EIB financing**, and the **European Neighbourhood Policy**.
- e. **Training of managers is vital to the success of the policy**, and a training initiative in this regard is needed. **Financing of cluster governance bodies is key to cluster success.** France would like to see greater flexibility accorded to State Members in their support of such bodies, and suggests:
 - i. in particular, that current provisions for Community supervision of State aid for research, development and innovation relating to aid granted to entities responsible for innovation cluster management be included in future general exemption regulations;
 - ii. that an increase in aid duration be envisaged, for leadership training granted to such entities.
- f. In order to strengthen cooperation between cluster participants, France would also like to see Member States allowed greater flexibility in the matter of aid to investment in open-access equipment.
- g. **The High Level Group that drew up the cluster memorandum did an excellent job.** The Commission is considering setting up an independent entity to advise it on implementation of the cluster policy. If the HLG carries on its work, continuity would be assured. If, however, another advisory body were to be created, France would be pleased to see it set up under the French presidency of the Council of the European Union.