



European Economic and Social Committee

ECO/479
Economic convergence and competitiveness
within EU macro-regions – transnational clusters

OPINION

European Economic and Social Committee

**Towards a better economic convergence and competitiveness within macro-regions, such as the
European Strategy for the Danube region – the role of transnational clusters**
[Exploratory opinion]

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1. **Conclusions and recommendations**

- 1.1 The European Economic and social Committee (EESC) recognizes that interregional, cross-national cooperation building upon pre-existing, historical socio-economic and cultural links is the necessary response to the challenges resulting from a rapid evolving expansion of the European Union (EU), partly induced by intensified global competition and the resulting urge to enlarge controlled markets, in both geographical and economic terms. Establishing an interconnected cross-border and cross-sectoral system of collaboration, based on multi-level governance, and delivering a strategic framework for thematic poles for funding institutions to implement well-targeted projects in a macro-region is of great importance.
- 1.2 In their first 10 years of operation, the four macro-regional strategies served as useful tools for cohesion policy, primarily by enhancing integration and cooperation and identifying important development processes involving citizens and regions. These strategies contribute to creating both a deeper and a broader Europe by involving candidate and neighbourhood countries on a level-playing field and by fostering exchange of experience.
- 1.3 Nevertheless, performance, in terms of reducing social and spatial disparities and boosting environmental sustainability, remains modest. This is most likely due to the complexity of governance and intergovernmental arrangements, the level of bureaucracy, the lack of cross-regional homogeneity when implementing agreed joint strategies, and insufficient involvement of the social partners, socio-economic agents and civil society organisations.
- 1.4 The EESC supports that macro-regional strategies should be understood as laboratories for developing a bottom-up approach to solving the new challenges facing Europe's society and economy. These challenges concern areas such as migration, sustainable energy supply, the labour market, education and digitalisation, and cannot be addressed by individual countries, regions or municipalities. Cross-regional, international cooperation is more effective and enables joint solutions.
- 1.5 Macro-regional strategies can boost European integration, serving as the major strategic framework for cohesion and sustainability policy. Macro-regional strategies should be financed alongside special programmes such as the Urban Innovative Action programme. It appears advisable to integrate in the revised programming process for cohesion 2020+ the mandatory use of the thematic strategic framework resulting from the macro-regional strategies, in relation to other policies and with respect to EU enlargement and neighbourhood relations.
- 1.6 Additionally, macro-regional strategies should also be geared towards the range of policies being promoted under the UN's 2030 Agenda for Sustainable Development, adopted in 2015. This will strengthen the international visibility and recognition of and support for the regional cooperation in the frame of the four macro-regional strategies.
- 1.7 Based on the detailed discussion of the above, the EESC provides in section 5 of the present opinion a list of specific policy proposals. These can be summarised as follows: (i) along with the necessity for strengthened policy interventions, we need to reduce the bureaucratic burden; (ii) introduce functioning networking, interconnection and management of existing databases

and help the public make use of existing data and information; (iii) prioritise networking and clustering of the social partners, local socio-economic agents and civil society organisations, both in the spatial sense (cross-regional clusters and cluster-partnering) and in the sectoral sense (according to the quadruple helix approach); (iv) in the future, macro-regional strategies will significantly benefit from efficient networks for educational activities with respect to the digitalisation of production, as well as from initiatives towards effective interregional research and innovation ecosystems, in basic and applied R&D activities.

- 1.8 The development and implementation of macro-regional communication strategies for the stakeholders has a strong supportive role in enhancing visibility, fostering networking and participation. Consolidating communication and trust-building between the core governance of macro-regional strategies and the social partners, business sector, local actors, civil society, and academia should be further supported through hearings, national and macro-regional Participation Days.

2. **Background to the present opinion**

- 2.1 EU macro-regional strategies were launched as tools for facilitating the cross-national implementation of policies, fostering thereby cohesion across larger geographical areas. One of their goals was to increase competitiveness and socio-economic development in areas extending over several states, including non-EU Member States.
- 2.2 The present exploratory opinion was first intended as an own-initiative opinion to review existing EU policy documents in this area, including the EP Report on the implementation of macro-regional strategies¹, and drawing on existing EESC evaluations of EU policy for enhancing cross-border cooperation and convergence. Following the request from the Romanian presidency, the topic was further extended to include the importance of transnational clusters² in strengthening convergence and competitiveness within macro-regions. The opinion focuses on suggesting ways to better target and implement macro-regional strategies. This is done, firstly, by identifying specific needs in the whole region more closely, and thus ensuring the delivery of tangible results, and, secondly, by motivating stakeholders to become actively involved, while taking into account the "3 no's" principle.
- 2.3 The opinion is in line with the EESC's political priorities for 2018, particularly on "strengthening social and territorial cohesion and enforcing fundamental rights". It is also in line with the Committee's priority actions under the six-month presidency of the Council of the EU and with the interests of industry, academia, the social partners and civil society in the macro-regions.
- 2.4 The opinion is expected to have a constructive influence on policy-makers across Europe, providing an objective analysis and practical suggestions on how to enhance the implementation

¹ [\(2017/2040\(INI\)\)](#).

² It needs to be mentioned that by the term "clusters" we mean the networking and thematic or holistic collaboration of agents and institutions from the private sector, the public administration, the academia and the civil society (which for instance goes beyond the networking of small and medium sized enterprises).

of macro-regional strategies. It will also specify whether it is necessary to increase their scope and what innovative instruments could be suggested to incentivise cooperation between stakeholders, including opportunities derived from cross-national, intersectional clustering.

3. **General comments: the development of macro-regional strategies so far**

- 3.1 The performance of macro-regional strategies has suffered owing to the complexity of governance arrangements, the level of bureaucracy in various countries and the lack of homogeneity in the way agreed joint strategies were implemented in the regions involved. This has led to insufficient involvement of the social partners, socio-economic agents and civil society organisations. As a result, it became necessary to better monitor the implementation of macro-regional strategies using appropriate indicators. This requires reliable and comparable data, which in turn must be detailed enough to reflect the situation in the entire area in question³.
- 3.2 Recent analysis shows that the four macro-regional strategies approved so far – in the Baltic Sea, the Adriatic and the Ionian, the Danube and the Alpine region – differ considerably in terms of the level of economic development of the participating countries. Economic performance was shown to strongly affect both the level of regional cooperation and the effectiveness of policy implementation. Moreover, problems such as commitment, ownership, resources and, in particular, ineffective governance, persist in specific areas.
- 3.3 Despite the lack of homogeneity in macroeconomic performance, the Danube macro-region is characterised by strong relations between various areas in the region and by satisfactory integration in the areas of trade, investment and energy. The picture changes, however, when it comes to competitiveness, with significant differences, especially between urban and rural areas. Large variations also exist with respect to governance and institutional aspects.
- 3.4 All four macro-regional strategies appear to have successfully brought together different actors, including various private stakeholders as well as public bodies across different levels of government. The EU strategy for the Danube region (EUSDR), in particular, generated a high level of policy dialogue and cooperation, including with third countries. In this context, it should be noted that progress was at its greatest in areas with pre-existing cooperation experience, drawing on deeper, historical socio-economic links.
- 3.5 High expectations regarding the outcome of multi-regional cooperation apparently resulted in the importance of institutional capacity building being misjudged during the early phases of developing the macro-regional strategies. When defining the cooperation agenda in a macro-region it is essential to emphasise issues requiring cross-sectoral and cross-territorial coordination, particularly with respect to institutional capacity building..
- 3.6 The overall success of a macro-regional strategy is related to the development of policy solutions through joint efforts across regional borders. To ensure good performance it is

³ See http://ec.europa.eu/regional_policy/en/information/publications/studies/2017/macro-regional-strategies-and-their-links-with-cohesion-policy

essential to establish bottom-up cooperation involving the social partners, socio-economic agents and civil society organisations, as well as any engaged actors from the entire geographical area, using the quadruple helix approach. These may include actors from industry, academia and R&D, governance (especially local and regional), civil society and the social economy.

- 3.7 Related to the above is the fact that the Commission substantially supported cross-border clusters through a range of programming frameworks and financing instruments – Europe INNOVA, INTERREG, ERDF and ESF especially with respect to human capital development and life-long-learning. As greater leveraging of other local and/or private resources is possible, this pre-existing framework has been enriched by the current support for European strategic cluster partnerships under COSME and INNOSUP-1 cluster projects for new industrial value chains under Horizon2020⁴, as well as by utilizing instruments like "Invest EU" programme and "Connecting Europe" facility. There is a strong need for coordinated action aimed at reducing bureaucratic obstacles and directly promoting the creation and operation of entrepreneurial networks through tax-related incentives, financial support for clustered R&D activities and holistic strategies for cross-border marketing.
- 3.8 The ex-post evaluation of cohesion policy refers to the link between smart specialisation and clusters. Relevant experience has shown that: (i) promoting networking and establishing clusters amongst companies has been among the most successful means of supporting innovation and development among SMEs. However, use of this tool has been marginal. An example is the DanuBioValNet project, which establishes new value chains for bio-based products in the Danube region; (ii) intermediation in the form of consulting and administrative services (e.g. through regional development agencies, chambers of commerce, cluster managers, etc.) boosts the effectiveness of networking and clustering.⁵
- 3.9 Differences in implementing rules between countries have been a major obstacle to realizing centrally developed policy plans. The effectiveness of cooperation can only be maximised if modern approaches such as project clusters, project chains and project platforms are adopted, moving from communication towards coordination and finally co-creation. Funding planning should be flexible and must respect regional competences and framework conditions. It is necessary to carefully examine the spectrum of existing financial resources and instruments, including IPA II, which is of major importance.
- 3.10 To ensure better coordination and governance of macro-regional strategies, the role of individual stakeholders has to be clearly defined, especially in relation to funding. Future programmes should facilitate transnational collaboration beyond support for individual projects. In this regard, local agents could coordinate their contributions to the ongoing discussion on the

⁴ It is important to mention the success of INNOSUP-1 in promoting clustering. The first six ongoing INNOSUP-2015 projects that started in 2016/2017 reached out to over 2 800 SMEs (e.g. through matchmaking events and calls for ideas/collaboration projects, etc.) and provide direct support for 449 SMEs (e.g. through innovation support vouchers). Overall, INNOSUP-1 cluster projects are on track to support 2 000 SMEs.

⁵ See the ex-post evaluation of cohesion policy programmes 2017-2013, financed by the ERDF and the CF, work package 2 – "[Support to SMEs – Increasing research and innovation in SMEs and SME development](#)", Contract No 2014CE16BAT002, Final report, pp. 10-11 and 14-17,.

prioritisation of goals and tools for the next programming period 2021-2027. This could be an excellent opportunity to reboot the four macro-regional strategies and to include the priorities resulting from the smart-specialization approaches.

4. **Specific comments: recent trends influencing the future of macro-regional strategies**

- 4.1 Almost ten years since the launch of the first macro-regional strategy (EU strategy for the Baltic Sea region – EUSBSR), the current political and socio-economic context at international and regional level is characterised by several trends and/or needs that are clearly connected with macro-regional strategies. We will start by examining those resulting from structural socio-economic developments, before going on to look at trends linked to environmental preservation and resource scarcity.
- 4.2 Contemporary global economic conditions demonstrate that interconnecting roads are more important than controlling spatially determined markets and the origins of resources. This in turn highlights the global significance of the specific region, starting from the Baltic Sea down to eastern Europe, the Black Sea, and the (eastern) Mediterranean. Given that the mobility of commodities and capital across Europe and Asia is key for the future economic (and political) architecture, interest and tensions in the specific wider area are increasing. This also therefore confirms the appropriateness of developing specific macro-regional strategies. It also attests to the global importance of their success and highlights supra-regional priorities.
- 4.3 Closely connected to the above is the fact that the main migratory flows pass through the Danube and the Adriatic/Ionian regions. Alongside the mobility of commodities and capital already mentioned, mobility of people has emerged as a major socio-economic, cultural and political issue. Humanitarian issues, economic opportunities and security concerns are factors in a critical and complex topic that needs to be included on the agenda of each macro-regional strategy, in accordance with the historical European socio-political acquis.
- 4.4 The fact that two EU macro-regional strategies concern regions centred around a sea highlights the significance of maritime links, environmental aspects and the importance of the sea-related economic activities. The agents involved in the EUSBSR and the EU strategy for the Adriatic-Ionian region (EUSAIR) should therefore give particular consideration to the priorities of blue growth and to the risks and opportunities associated with the blue economy, which have been highlighted by the EU, the EESC, the UN and the WWF, among others.
- 4.5 A major strategic goal of the macro-regional strategies was to promote economic convergence in the EU, which is tremendously important for economic sustainability and the political progressive balance at national and European level. Unfortunately, despite the political will and the EU budget being geared towards this, statistics instead show that regions have been diverging in socio-economic terms, leading to political upheaval⁶. The macro-regional strategies, especially those focusing on central and eastern Europe, have to take this into serious consideration and step up efforts to implement policies in this area, with genuine involvement of

⁶ See [Zarotiadis and Gkagka \(2013\), "European Union: A diverging Union?", Journal of Post-Keynesian Economics, Vol. 35, pp. 537-567.](#)

the social partners, local socio-economic agents and civil society organisations. At the same time, macro-regional strategies prove very supportive in integrating new and prospective Member States into the EU. This is evident in the case of the western Balkan countries with links to EUSDR and EUSAIR, but also in the case of Moldova and Ukraine, which receive assistance with implementing their association agreement with the EU.

- 4.6 Research in the humanities and social sciences has highlighted the need to move from an approach based on welfare to one based on maximising well-being, with the focus shifting from quantitative economies of scale to increased qualitative variety. In this sense, Europe's multi-diversity, resulting from its history and natural characteristics, particularly in the regions of the existing macro-regional strategies, becomes a major comparative advantage in the newly emerging global era. It should therefore be ensured that the need to boost socio-economic convergence will not lead to policies that may downgrade this "sociocultural and environmental variety" as a resource. On the contrary, macro-regional strategies should promote the preservation of diversity in qualitative terms and boost the implementation of projects that will enhance cross-regional co-creation of new products and services.
- 4.7 Generally speaking, the intensified international competition means that networking is becoming more important. Nevertheless, the exponential increase in labour productivity, which implies growing importance of qualitative differentiations, calls for clustering and collaborative structures that will utilise scale-related benefits in horizontal activities – e.g. promotion, logistics and transportation, R&D – yet sustain, and even increase, the ability to provide specialised products and services. In other words, current developments in internationalised markets make it necessary to develop spatial and inter-sectoral clusters of (semi-) autonomous producers. This should be one of the major priorities of the four macro-regional strategies.⁷
- 4.8 Added value can be achieved by linking individual macro-regional strategies, as in the case of EUSBSR and EUSDR⁸. This appears to be feasible, especially in the case of issues relating to environmental protection and the rational use of finite resources and energy. Relevant successful cases of cooperation between Chambers of Commerce in EUSDR and EUSAIR provide a good example for this.⁹
- 4.9 With their aim of boosting economic prosperity, macro-regional strategies should increasingly focus on clean technology initiatives and processes favouring the transition from a linear economy to a circular economy. Examples include EUSBSR projects that will be pursued under the Cleaner Growth initiative, and the CirculAlps and AlpLinkBioECO projects under the EU strategy for the Alpine region (EUSALP).

⁷ See [Council conclusions of 12 March 2018](#) calling for 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.

⁸ Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the implementation of EU macro-regional strategies, [COM\(2019\) 21 final](#)

⁹ Danube Chamber of Commerce Association has signed a cooperation agreement with the Forum of Adriatic and Ionian Chambers of Commerce with the aim of exchanging experience and cooperation in projects where the two strategies are complementary.

- 4.10 Climate change is a challenge that has to be addressed in a well-coordinated manner over larger geographical areas: targeted environment-related investments should help to minimise the consequences of extreme weather incidents and other adverse effects of climate change, while maintaining the prevailing economic conditions and ecological characteristics of the areas in question. As another example, increased marine transportation primarily in Danube could result in decreased greenhouse gas emissions and better air quality in all areas affected by the road based freight transport. Macro-regional cooperation should lead to appropriate sustainable and holistic transport strategies.
- 4.11 Another consequence of the need to drastically reduce greenhouse gas emissions (as outlined in the 2015 Paris Agreement) is the penetration of renewable energy sources. This "energy transition" involves gradually phasing out fossil fuel power plants and rapidly increasing the number of wind energy converters and photovoltaic power stations. This transition entails significant changes in the power supply system, with new concepts that will also allow more flexibility in the trade of electrical energy between regions and countries. Macro-regional cooperation will definitely improve the likelihood of the correct decisions being made on issues relating to the energy transition.
- 4.12 Overall, the aforementioned dimensions pertaining to the necessary orientation of the macro-regional strategy coincide with the range of policies that are being promoted under the 2030 Agenda for Sustainable Development, adopted by all UN Member States in 2015. In particular, macro-regional strategies should take note of ongoing actions to meet various Sustainable Development Goals (SDGs), possibly liaising with existing regional sustainable development strategy networks¹⁰. Adjusting the agendas of the four macro-regional strategies in this framework will strengthen the necessary holistic approach. It will also boost the international visibility and recognition of and support for regional cooperation in the EU.

5. Policy proposals

- 5.1 Although there is a need to strengthen policy interventions and boost active commitment with respect to macro-regional strategies, there is also a need to reduce the already vast bureaucratic burden. An instrument for this could be to motivate the direct coordination of public stakeholders in the frame of European Groupings for Territorial Cooperation (EGTC), or the collaboration of private stakeholders as well in schemes of specific thematic content.
- 5.2 There is a lack of reliable detailed data that enables comparisons between regions and between sectors. There is an overall need to introduce functioning networking and management of existing databases, potentially based on big data but also specific information.
- 5.3 At the same time, as well as securing public access to these interconnected functional databases, it is also necessary to boost the public's ability to use existing data and information. It is vital to have technical support for macro-regional strategies and provide access to tools for using the

¹⁰ Consider, for instance, the newly established SDSN Black Sea (<http://sdsn-blacksea.auth.gr/> and <http://unsdsn.org/news/2018/10/31/presenting-a-new-regional-chapter-sdsn-black-sea/>), the Mediterranean SDSN (<http://www.sdsn-mediterranean.unisi.it/>) and the SDSN northern Europe (<https://www.unsdsn-ne.org/>).

relevant data, in order to support both local and national governments and private agents and actors. This should be organised centrally but geared towards the region in question.

- 5.4 Networking between the social partners, local socio-economic agents and civil society organisations, in a spatial, but also a sectoral sense (using the quadruple helix approach) as well as their active involvement in decision-making, planning and evaluating policies, is extremely useful for implementing macro-regional strategies in the future, with a view to boosting cohesion and social and environmental sustainability.
- 5.5 Moreover, specific political initiatives have to be adopted to strengthen the creation and development of cross-regional clusters and cluster-partnering¹¹:
- (i) restating the criteria for participating in clusters supported by EU and national funds, so that the participation of more successful corporations will be enhanced, without risking the self-determination of networks and the relative autonomy of the participating partners;
 - (ii) financing and, in particular, other means of supporting clusters and networks – e.g. tax and process-related measures – should be extended in a timely manner, so that the duration of the clusters will not be limited by design and they are not prevented from reaching their maximum potential level of organisational maturity and financial self-sufficiency¹²;
 - (iii) national and (cross-) regional strategic planning has to consider evolving global circumstances and ways of supporting local clustering activities in this framework. Moreover, there should be more incentives to establish structures connecting existing clusters with each other in a regional and cross-sectoral sense, thereby utilising the complementarities of holistic interventions;
 - (iv) the reasonable request to deal with local characteristics and specificities often results in clusters that lack an international focus beyond the cross-border dimension of the specific region. This has to be improved and applied supportive policies should mobilise socio-economic operation of global course, given the significance of business internationalization. Moreover, this will help toward bridging the time gap between political initiatives and business decision making.
- 5.6 Existing and future macro-regional strategies will significantly benefit from efficient networking initiatives in the area of education and administrative services, as well as in effective interregional research and innovation ecosystems and in basic and applied R&D activities. In the ongoing consultation concerning the revision of the EUSDR plan, it has been mentioned that the capacities of local and regional administrations will be enhanced through capacity-building initiatives, cooperation projects, networks for mutual learning, exchange of good practices, and policy recommendations. These could be supported through small-scale funding (as global grants or other tools) for local actors (small enterprises, civil society

¹¹ The specific proposals are in line with the first "Progress Report on the European Strategic Cluster Partnerships", prepared by the [European Observatory for Clusters and Industrial Change \(#EOCIC\)](#), that provides an overview of the first results, experiences and good practices achieved by the second generation of European Strategic Cluster Partnerships for Going International (ESCP-4i)

¹² This need to increase financing in a timely manner also ties in with the proposal for joint cluster initiatives in the COSME part of the Single Market Programme.

organisations, youth organisations, academia etc.), which will facilitate an inclusive environment for innovation at transnational level.

- 5.7 Particularly when it comes to networking in education activities could be embedded in existing structures, such as the Erasmus+ programme. Policy recommendations should concentrate on key aspects of the specific geographical area, with the aim of opening up new avenues for improved products and services promoting entrepreneurship, and finally supporting the life-long-learning of local human capital in relation to the requirements resulting from the digitalization of production.
- 5.8 In the regions of the four macro-regional strategies, we have a long tradition of historical, socio-economic, cultural and political links, which can be of both a positive and a problematic nature. These links can be used in a constructive way by promoting alternative tools for cross-regional clustering and collaboration, such as the European Groupings for Territorial Cooperation (EGTC).

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