



**COUNCIL OF
THE EUROPEAN UNION**

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from : Permanent Representatives Committee (Part 1)

to : Competitiveness Council

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Subject : Council conclusions on the Commission communication "Towards world-class clusters in the European Union: implementing the broad-based innovation strategy"
– *Adoption*

I. INTRODUCTION

On 17 October 2008 the Commission submitted to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions a communication entitled: "Towards world-class clusters in the European Union: implementing the broad-based innovation strategy"¹.

¹ 14265/08.

Following this communication, the Presidency prepared draft Council conclusions, which have been under discussion in the Working Party on Competitiveness and Growth since 30 September 2008. These conclusions support the action proposed to improve cooperation between clusters at European level and emphasise the need to steer European policies towards excellence in order to pave the way for the emergence of world-class clusters.

On 19 November 2008 the Permanent Representatives Committee reached a consensus on the attached compromise text.

III. CONCLUSION

The Permanent Representatives Committee accordingly recommends that the Competitiveness Council on 1 and 2 December 2008 adopt the conclusions attached hereto.

**Draft Council conclusions
on the Communication from the Commission
"Towards world-class clusters in the European Union:
implementing the broad-based innovation strategy"**

THE COUNCIL OF THE EUROPEAN UNION,

RECALLING

- (1) the conclusions of the European Council meeting of 13 and 14 March 2008 calling for a facilitation of increased participation of innovative SMEs in clusters and insisting on the importance of improved science-industry linkages and world-class innovation clusters and the development of regional clusters and networks²;
- (2) the conclusions of the Competitiveness Council meeting of 4 December 2006 calling for closer links between industry and science and for the development of world-class clusters³;
- (3) the cohesion policy regulations for the programming period 2007-2013 targeting the use of funds for the promotion of competitiveness and job creation contained in the Community strategic guidelines adopted on 6 October 2006⁴, and the "Regions for Economic Change" initiative⁵;

² 7652/08.

³ 15717/06.

⁴ 13821/05: Communication from the Commission Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines, 2007-2013.

⁵ COM(2006) 675 final.

- (4) the conclusions of the Competitiveness Council meeting of 22 and 23 November 2007 on the mid-term review of industrial policy ⁶, and of the Competitiveness Council meeting of 4 December 2006 on the ambitious innovation strategy of the European Union announcing this Communication;
- (5) the conclusions of the Competitiveness Council of 29 and 30 May 2008 on competitiveness and innovation of the European industry⁷;
- (6) the Commission decision of 22 October 2008 setting up a European Cluster Policy Group⁸;
- (7) the European Cluster Memorandum⁹ submitted in November 2007 by the High-Level Advisory Group chaired by Senator Pierre Laffitte; and the ministerial conference organised by Sweden on 22 and 23 January 2008¹⁰;
- (8) the renewed Lisbon strategy for growth and jobs and the integrated guidelines for 2008-2010, in particular as concerns facilitating innovation and strengthening the EU's industrial base including through the development of clusters;

WHEREAS:

- (1) European cluster policies should take into account the widely differing institutional contexts in EU Member States and be consistent with the broad guidelines of Community policy (e.g. competition policy, innovation strategy, regional development and industrial policy) and should also take into consideration the most suitable tools for enabling Europe to become a world-leader in terms of innovation and the knowledge economy;

⁶ 14865/07.

⁷ 10021/08 (Presse 153).

⁸ Decision No 2008/824/EC (OJ L 288, 30.10.2008, p. 7).

⁹ http://www.proinno-europe.eu/NWEV/uploaded_documents/European_Cluster_Memorandum.pdf.

¹⁰ 6440/08.

- (2) Clusters are among the building-blocks of innovation policy and can also strongly contribute to regional development, especially within the framework of cohesion policy;
- (3) Clusters are an important element in the EU's innovation strategy because they bring the worlds of business and research closer together, and are generally organised around three focal points: i.e. enterprises, research and training.
- (4) By making Europe more competitive and more internationally attractive to talent and investment, clusters are an important means of reaching the Lisbon objectives for growth and jobs;
- (5) The Small Business Act for Europe¹¹ encourages greater involvement by SMEs in clusters;

WELCOMES the Communication from the Commission entitled "Towards world-class clusters in Europe: implementing the broad-based innovation strategy"¹² and its proposals for action by the European Commission, Member States and regional authorities;

1. UNDERLINES that cluster policies in the European Union should encourage cooperation and excellence at all levels, improve business-research linkage and improve the functioning of the internal market, thereby contributing to the emergence of world-class clusters that are competitive on a global scale and able to attract high-quality investments and highly skilled staff;
2. STRESSES that the development of clusters should be market-driven and consequently UNDERLINES the crucial importance of a fully-functioning internal market for the competitiveness and excellence of clusters in the European Union;

¹¹ 11262/08.

¹² 14265/08.

A) Achieving closer cooperation between clusters at European level

3. NOTES that clusters are predominantly market-driven; nevertheless, Member States and regional authorities, as well as the European Union, can contribute directly to their development;
4. ENCOURAGES Member States to integrate cluster policies into their National Reform Programmes, drawing on the guidelines aimed at facilitating all types of innovation, improving investment in research and development, in particular by private businesses, and strengthening the competitive advantages of the industrial base¹³;
5. ACKNOWLEDGES the progress that has been made on exchanging best practices, particularly through the work of the former high-level advisory group¹⁴, the European Cluster Alliance and the European Cluster Observatory¹⁵, and WELCOMES the Commission's intention to pursue and develop these activities;
6. WELCOMES, in this respect, the Commission's intention to provide Member States, clusters and their members with detailed and operational information, notably through the European Cluster Observatory, the Enterprise Europe Network and innovation-support services for SMEs, for example concerning the location, financing and internationalisation of SMEs;
7. RECALLS that a well-functioning internal market should provide the right framework conditions that facilitate and foster cooperation among and ensure competition between European clusters in accordance with Community competition law and the Community rules on state aid and therefore enhance the overall competitiveness of the European Union;

¹³ Respectively Guidelines 8, 7 and 10. Council Recommendation of 12 July 2005 (2005/601/CE).

¹⁴ The High Level Advisory Group on Clusters, chaired by Senator Pierre Laffitte.

¹⁵ In the Cluster Observatory, attention should also be given to institutional, regional and even cultural factors, which determine Clusters, beyond the mere statistical classification and delimitation.

8. INVITES therefore the Commission and Member States to enhance the promotion of closer cooperation among European clusters and to intensify cluster networking, including transnational networking, in selected areas as well as cross-fertilisation between sectors, technologies and competences, and to continue developing concrete mechanisms for learning and disseminating best practices;

B) Focussing European policies on achieving excellence and facilitating the emergence of world-class clusters

9. NOTES with interest the Commission's decision to set up the European Cluster Policy Group under the Competitiveness and Innovation Framework Programme (2007-2013) (CIP)¹⁶ in order to develop a strategic vision and share intelligence about cluster policies, with a view to better assisting Member States in supporting the emergence of world-class clusters in the European Union;

10. UNDERLINES that the Commission and Member States should together define the conditions for facilitating the emergence and growth of world-class clusters, and EMPHASISES the importance of considering the high growth, innovation and adequate market potential when designing cluster policies, hence avoiding a proliferation of cluster initiatives;

11. STRESSES the importance of clusters, which, by making it easier for SMEs, and in particular innovative SMEs, to collaborate among themselves and with large enterprises, universities and research entities as well as with related knowledge-intensive service companies and financial institutions, provide a framework that is conducive to the development and internationalisation of SMEs;

¹⁶ Decision No 1639/2006/EC (OJ L 310, 9.11.2006, p. 15).

12. SUPPORTS the objective of the Commission to contribute to developing innovation specifically within the "European Research Area" which will enable a more strategic and coherent use of the different instruments that can support the development of clusters;
13. UNDERLINES that Community instruments and programmes, such as cohesion policy funds and European Investment Bank financing, as well as the Commission's lead market initiative¹⁷ should be used in a more targeted and consistent manner in support of excellence in the European Union. CONSIDERS that clusters or their members should be able to benefit more efficiently from the use of any support they may receive;
14. NOTES that the current emphasis on excellence in the Competitiveness and Innovation Framework Programme (CIP) and the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013) (FP 7) helps to promote the development of world class clusters.
15. RECALLS the importance of high-quality organisation of clusters and management mechanisms for the growth and development of clusters; and URGES that such mechanisms should help their members, particularly SMEs, to take their projects forward in order to better benefit from Community programmes;
16. DEMONSTRATES moreover an interest in the future review of the Community Framework for State aid for Research and Development and Innovation¹⁸, which the Commission intends to undertake in 2010;

¹⁷ 5121/08: Communication from the Commission: A lead market initiative for Europe.

¹⁸ Decision No 2006/C 323/01 (OJ C 323, 30.12.2006, p. 1).

17. NOTES WITH INTEREST the Commission's initiative to launch a pilot initiative for the excellence of cluster management under the CIP to train cluster managers that may ultimately lead to forming an independent, self-sustainable European association of cluster managers that may lead to European quality label for excellence in cluster organisation and management and which is to be introduced in close cooperation with Member States;

 18. INVITES the Commission and the future European Cluster Policy Group to monitor the instruments and programmes mentioned above, to assess their impact on European cluster policies and to carry out a review of European cluster policies by the end of 2010 in close cooperation with Member States.
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