

## Vanguard Initiative position paper on the EU Industrial Strategy – Regional ecosystems and collaboration as drivers for the recovery

The European Commission have published its new Industrial Strategy on the 10th of March, alongside with a new SME strategy, and a new circular economy action plan. Those documents are key elements in the Green deal, the new EU growth strategy. As the case for a renewed industrial strategy was already high with a view to increasing European challenges regarding globalisation, technology change and digitalisation, climate and demographic changes, the COVID-19 crisis has shed light in a dramatic way on the concrete issues at stake around those often too theoretical concepts.

Indeed, the crisis has illustrated the dependance of EU vis-à-vis external providers for strategic goods, for whole or parts of the concerned value chains, with a weak EU capacity to react on a collaborative way in first instance. We have however seen the path to bring solutions emerging quickly: mobilising research and innovation community, mobilising industrial ecosystems, developing collaboration and finding innovative solutions from the bottom-up. **We have been witnessing in the past weeks an unprecedented mobilisation of stakeholders within the regional innovation ecosystems collaborating to propose concrete solutions to the many challenges arising at different levels** as a consequence of the crisis, be it in the health domain, but also in the daily life of companies and citizens (teleworking, e-business, e-training, new organisational models,...).

Researchers and universities have collaborated with industry, small and big companies, start-ups, with hospitals, with public authorities, with fablabs, with developers,... to elaborate new solutions to produce masks (or recycle them), protective equipment, hydroalcolic gel, breathers, testing kits, tracing apps, data analytics, etc. Industries have reoriented parts of their production lines to produce the needed goods, and new production lines are being developed.

**Cluster organisations have also played a key interface role**, within regional ecosystems<sup>1</sup>, and across them, this being notably facilitated by the European Cluster Collaboration platform<sup>2</sup>. They are also developing new networking services to help SMEs in facing difficulties brought by the crisis: developing new sourcing solutions, new logistic solutions, finding new markets,...

Key technologies have been mobilised to provide solutions : biotechnology, 3D printing, AI,... And **key EU collaboration support tools are mobilised as part of the EU answer to the crisis**: Horizon 2020<sup>3</sup> calls and IMI partnership, the EIT and its KICs, Eureka, Cluster partnerships (for example in the context of the recently launched call of the INNOSUP project for intercluster collaboration DIGI-B-CUBE<sup>4</sup>), as well as tools for supporting innovators: the EIC and its community, EIB funding,... **The 3D Pan-EU Platform developed by a**

<sup>1</sup> See for example: <https://biowin-cooperation-platform-covid-19.b2match.io/> or <https://care-industry-together-against-corona.b2match.io/>

<sup>2</sup> <https://www.clustercollaboration.eu/coronavirus>

<sup>3</sup> <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/covid-19>

<sup>4</sup> <https://digibcube.eu/>

consortium created in the context of the VI 3DP pilot is also bringing a concrete tool to match solutions providers and SMEs across Europe<sup>5</sup>.

Those examples illustrate the **tremendous richness and diversity** laying in our regional ecosystems. But also **how much collaboration will be key in the recovery, and in developing resilient industrial value chains in Europe.**

At the same time, it is clear that the consequences of the crisis will affect regions, sectors and companies differently across Europe, with SMEs being the most hardly hit, and that a major part of the policy responses will lie in regional hands, also in relation to measures promoted by the National Governments<sup>6</sup>.

In a context of strong pressure on public finances, efficiency in spending and coordinated efforts will more than ever be needed to maintain the investment levels required for achieving industrial transformation and sustainable growth. **An ambitious Industrial Strategy, based on interregional collaboration along industrial value chains, according to smart specialisation principles, should be at the core of the recovery and long term EU strategy for growth.** We share the main orientations traced by the EUCO President in the roadmap for recovery presented on the 21th of April<sup>7</sup>.

The EU Industrial Strategy published in March is a strong basis for future work and pave the way for recovery and resilience of the EU economy, while embracing long term challenges and digital and green transitions. However, the VI would like to raise attention on the following points :

- As said, **collaboration is a must** – no single Member State or company can succeed in isolation within industrial and innovation value chains –**for ensuring both solidarity within the EU as well as long term competitiveness. The EU policies, and fundings combined with national and regional ones, are the best placed to foster collaborative projects.** The EU already has a wide panel of instruments, and new ones are under development, that can easily be mobilised, enhanced and developed. **Synergies** between the instruments should be reinforced, notably regarding the regional dimension.
- We welcome the focus put by the European Commission on **ecosystems**, and ask that the EU industrial strategy enables **full involvement of regions and regional stakeholders** in its governance and implementation. As stated in the EU roadmap: *‘The recovery must be inclusive and co-owned by all involved’*. The regions are the place where the innovation and industrial ecosystems breath and develop, making the links between Europe and industry/SMEs, research centres, innovation stakeholders as well as citizens. **Regionally developed innovation ecosystems connected across Europe will be the driver of new European strategic value chains.**
- The recent experience has demonstrated that an important potential is present across Europe to provide concrete and innovative answers to societal challenges; it must be cherished and harnessed to fuel the recovery. **An appropriate mix of instruments and support tools must be in place to feed the generation and scale-up of ideas and projects within regional ecosystems that will deliver solutions to**

<sup>5</sup> <https://3dppan.eu/>

<sup>6</sup> See for example [https://read.oecd-ilibrary.org/view/?ref=128\\_128287-5agkkojaa&title=The-territorial-impact-of-covid-19-managing-the-crisis-across-levels-of-government](https://read.oecd-ilibrary.org/view/?ref=128_128287-5agkkojaa&title=The-territorial-impact-of-covid-19-managing-the-crisis-across-levels-of-government)

<sup>7</sup> <https://www.consilium.europa.eu/media/43384/roadmap-for-recovery-final-21-04-2020.pdf>

**EU common challenges.** On the other hand, it's also crucial to **create a simplified and coherent funding landscape**, from R&D to market uptake, at EU and national/regional levels (particularly when Structural funds are used), promoting the simplification, harmonization and complementarity of the regulations and rules of the different funding instruments. The SMEs lie at the core of our economy and should be get the focus in public efforts.

- The EU Industrial Strategy should put a clearer priority on **developing networks of state-of-the-art pilot infrastructures, demonstrators, and shared facilities with open access to SMEs on the European territory.** This is crucial to enable market uptake of new innovative technologies (KETs) and foster EU competitiveness and modernisation of industry. Our evidence suggests that a persistent market failure remains at the piloting and demonstration stage of new technologies, especially when innovation is the result of the integration of complementary regional specialisations. The aim being to provide industrial companies, notably SMEs, easier access to networked facilities for piloting and demonstration of new products and services. The final goal is to reduce costs, lower technology uncertainty and to speed up market uptake of new technologies.

As experienced by the Vanguard Initiative pilot projects, and the thematic S3 partnerships, there is an **urgent need to further develop new funding mixes and financial tools** that allow joint investments in open innovation based projects across borders, with a facilitated access to expertise and services for European SMEs.

- **Regions and innovation stakeholders stand ready to contribute.** Synergies between EU, national, regional and private funding for financing industry-led innovation projects are also to be further promoted, namely to support further exploitation and cross fertilization. In a context of pressure on the public finances, **smart specialisation principles could guide coordination of efforts for enhanced efficiency and avoiding duplication.**
- In that perspective, the newly proposed tool for **Interregional Innovation Investments** under the Cohesion Policy package 2021-2027 could be a strong catalyser for co-investment and synergies between EU programmes supporting the development of strategic industrial value chains through interregional collaboration. It should facilitate the establishment of interregional pilot infrastructures, promote industry-led projects and leverage private investments in new technologies.
- The potential of an **ambitious EU cluster policy should also be fully exploited to drive the development of EU value chains and efforts in relocation of production.** The development of European world-class clusters connecting regional clusters, networks and ecosystems. Building on bottom-up, collaborative and multi-disciplinary approaches, clusters constitute a powerful lever for achieving critical mass in Europe.
- The EU Industrial Strategy should present a vision on how **State aid rules** can be designed to better allow effective policies for addressing emerging needs and state-of-the-art innovation policies and funding solutions, notably for start-ups, scale-ups and SMEs, while preserving a level playing field within the internal market. The European Framework for State Aid should be reassessed to further stimulate industry-led innovation, especially concerning pilot and demonstration projects, go-to-the-market phases and deployment of Key Enabling Technologies (KET). The rules should enable collaborative approaches across borders, notably through cross-cluster collaboration, or by facilitating

participation in European Partnerships. Beyond the IPCEI scheme, there is ample justification to focus more on SMEs.

The approach of interregional collaboration, co-creation, and co-investment along value chains, developed by the Vanguard Initiative, has the potential to generate a strong and visible added value at all levels, including for industry and SMEs. We, the Vanguard Initiative member regions, are committed to play an active role in a joint EU strategy for recovery and industrial competitiveness and further piloting new approaches for joint solutions at the EU level.

Through the mobilisation of the full spectrum of triple helix partners – communities of businesses and knowledge institutions with regional Governments providing financial support for innovation when markets are not mature yet, in the closest synergy with national and EU public authorities – the Vanguard Initiative, and its Pilot Projects in particular (as well as all Smart Specialisation Partnerships)<sup>8</sup>, can play a full part in the strategic value chains as projected by the European Commission which are crucial to establish European competitiveness in a global context, and its sovereignty. We are equally building and facilitating value chains which may be less “strategic” on a global scale, but which will play a crucial role in strengthening and recovering European economy in the aftermath of Covid-19, contributing as well the the shortening of supply chains.

Since its establishment, the Vanguard Initiative has called for the adoption of an ambitious EU industrial Strategy. Vanguard member regions are committed to play an active role in the renaissance of European industry and to transform regional clusters into world-class clusters. Vanguard Initiative’s model of interregional collaboration along industrial value chains, based on smart specialisation principles, has been largely recognised by a wide range of partners and institutions and has been up scaled as a model for EU policies, notably through the Thematic Smart Specialisation Platforms.

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<sup>8</sup> Already active in topics such as Batteries, Hydrogen, Circular economy, etc.