Development of Competitive clusters in Croatia as main instrument for sectoral specialization and raising competitiveness
We live in competitive global markets

Nowadays, world is becoming more and more grounded upon specialisation. A single, global market is being created. As a foundation, the development and diversity of countries and regions is becoming a new type of global economy competitiveness.

There is a need for new system and approach
Nobody, not you nor I, will succeed in the 21st century if they continue doing that which they are doing now, no matter how well they do it.

Raymond Smith
Regional specialization-new approach

1. Craft a regional **strategy**.
2. Build robust regional **governance**.
3. Deliberately pursue **innovation**.
4. Grow a lot of **entrepreneurs**.
5. Linking higher education.
6. Building effective clusters - especially SMEs, ensuring the whole is greater than the sum of the parts.
Economic situation in Croatia - in short

• Croatian economy has been in recession since 2008
• the level of GDP lowered by more than 10%
• narrow export base and insufficient competitiveness
• Unemployment rate close to 15% in 2012

• Efficiency of public expenditure remains a challenge

• Regional disparities exist
Activities for strengthening the competitiveness of the Croatian economy

- Development of the strategic and legislative framework for strengthening the competitiveness of the Croatian economy
- Sectoral specialization of Republic of Croatia and development of competitiveness clusters
- Targeted investment projects in the public sector and the priority sectors for development of the Republic of Croatia
- Effective use of EU funds
- Monitoring and evaluation of measures and projects for strengthening competitiveness of the Croatian economy
Strategic documents for strengthening the competitiveness of the Croatian economy

- Innovation Strategy
- Industrial Strategy
- Tourism Development Strategy
- Entrepreneurship Development Strategy
- Strategy of Mineral resources management of the Republic of Croatia
- Energy Strategy
- Smart Specialization Strategy
- Economic Development Strategy
- Strategy for Investments Promotion
- Human Resources Development Program
Policy changes lead to the development of clusters...

<table>
<thead>
<tr>
<th>Policy</th>
<th>Old</th>
<th>New</th>
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<tr>
<td><strong>Regional Policy</strong></td>
<td>Redistribution from the more towards the less developed regions</td>
<td>Building innovative regions (networking of all development actors, specialisation)</td>
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<tr>
<td><strong>Science and Technology</strong></td>
<td>Individuals, sector research</td>
<td>Multi-sector research, focus on innovation commercialisation</td>
</tr>
<tr>
<td><strong>Industry and Entrepreneurship</strong></td>
<td>Support to enterprises; national champions</td>
<td>Support to cluster development, building business infrastructure and business support institutions</td>
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Identified sectors of strategic importance to Croatia

1. Sectors with high added value (pharmaceuticals and medical equipment production, chemical industry, automobile industry, defense industry, electrical and mechanical machines and equipment production, ICT, creative industry, construction industry)

2. Traditional sectors with territorial capital (food-processing industry, wood processing industry, the maritime industry, textile industry) 3. Horizontal sectors: biotechnology, nanotechnology, micro- and nano-electronics and photonics, advanced materials and technologies

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4. Tourism

5. Transportation and Logistics

6. Renewable energy sources / Environmental protection
Competitiveness clusters
What will be a Croatian Competitiveness Cluster?

• A Croatian Competitiveness Cluster is a sector specific not-for-profit organization which brings together the business, scientific and policy making communities in a formal structure. Stakeholders from the three sectors, in combination, represent the ‘Triple Helix’ concept.

• The intention is to gather the best players in their field – small, medium and large companies, business clusters, public and science and research institutions in order to develop synergies and cooperative efforts. The final outcome of this synergy will be increased national Sector competitiveness.
Croatian examples

- to support innovative ideas,
- to increase financial availability for SME Innovation sector,
- to increase better use of financial resources for IT sector in SME development process,
- to support IT sector,
- to support using renewable energy and ECO technology.
Regional competitiveness in Croatia

- Regional competitiveness in Croatia – program
- Unformal body
- Cluster mapping
- Regional competitiveness in each region
- National policy framework
Regional competitiveness in Croatia

- Regional specialization, clusters organizational model, ISTRIJA, coastal part of Croatia
- Central Croatia, Slavonia.
Establish Leadership Groups

Triple Helix Partner Engagement

Business Ideas Generation

Development of Projects of National Importance

Formation of Competitiveness Clusters
BICRO national policy:

- BICRO is the key organization within the national innovation system whose basic role is development and implementation of government support programmes aimed at strengthening technology development as the main generator of sustainable economic growth.
Rudjer Innovations Ltd

- Rudjer Innovations Ltd focuses on commercialization of innovation and technology transfer and represents a link between science/technology and economy/industry. Through its activities, the company promotes an innovation culture by increasing awareness of the commercial value of academic projects.
Rudjer Innovations Ltd

- At the same time it actively supports innovation entrepreneurship by developing various types of cooperation between the academic community and business.
Region Istria

- Metris
- Micro-finance program for SME sector
Research Centre for Metal Industry in Istrian County - MET.R.IS.
Research Centre for Metal Industry in Istrian County - MET.R.IS.

- Center for research metal industry
- Metris connected with other scientific institutions from Croatia, Slovenia and Italy, so some analysis have been made in cooperation with external laboratories and the results have been combined in the unique analysis report of archeological, artistic and other samples of cultural heritage.
Support innovative entrepreneurial ideas with students

- EU Competition
- 11 EU Countries involved in the project
Wood Cluster Mapping Example (Work in Progress)

**Primary Production**
- **Silviculture**
  - 204 companies
  - 8085 employees
  - Nationally Croatian forests company (Hrvatske šume-managing state owned forests-80% of all forests)
- Alliance of private forest and forest owners associations, Zagreb
- Alliance of association of private forest owners Varaždin

**Government**
- **(Regulatory and cluster support)**
  - Varaždin, Cakovec, Koprivnica, Krapina Zagreb municipalities, HGK / CoE, HUP. Ministry of Regional Development, Forestry & Water Economy (2 Administrations- for forestry and separately for wood industry)

**Clusters & Industry Associations**
- Clusters: Wood cluster Varaždin, Croatian interiors & Techno Interiors Zagreb, Wood cluster Delnice Association of wood processing industry at CoE Zagreb, Certification (furniture) org: Faculty of Forestry, Euroinspekt-Drvo kontrola company Zagreb, other certification houses providing FCS, CE and other certificates. Association for industrial design/ZZID at CoE Zagreb, Croatian designer society

**Specialist Services Production**
- Glass, paint, coatings, fixing, upholstery, foam, metal components, Consulting & technical services

**Specialist Services Distribution**
- Packaging, logistics, transport, warehousing Consulting & technical services

**C16 Manufacture of Wood products (except furniture)**
- 256 companies (39%) and 4245 employees (38%)
  - Sawmilling and planning of wood
  - Manufacture of veneer sheets & wood based panels
  - Manufacture of parquet floors
  - Manufacture of other products of wood

**C31 Manufacture of Furniture**
- 255 companies (53%) and 3282 employees (33%)
  - Manufacture of office & shop furniture
  - Manufacture of kitchen furniture
  - Manufacture of mattresses
  - Manufacture of other furniture, (home, garden, outdoor)

**Customers**
- Wood products & Furniture Wholesale
- Wood products & Furniture Retail
- Furnishings – touristic sector & Public procurement
- Construction sector

**Intermediary Distribution**
Example of Projects of National Importance

**Food Innovation Centre and a Croatian Culinary Academy**

**“Electronic Service Vehicle”** collaborative project.

**Wood Living Lab based at Zagreb University and a showcase project on furniture innovative design.**
Main challenges

- Under-developed knowledge based growth factors and insufficient infrastructure
- Low labour market participation, inefficient education system and a difficult social situation
- Protecting the environment and natural resources and adapting to climate change
- Inefficient public governance at central/local level and weak involvement of partners
Strengthening the competitiveness of the economy

Strengthening Croatia's innovation profile through smart specialisation

Supporting the modernisation and competitiveness of enterprises

The extension and upgrading of the transport and ICT infrastructure
SEENORDA

- South East Europe Network of Regional Development Agencies
- 9 Countries
- 30 RDAs
THANK YOU FOR YOUR ATTENTION!
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