

European Clusters Alliance

Monday 22th June 2020 at 8:30

Special session with DG GROW: Towards a Green and Collaborative European Recovery

Working format is based on “Gilles Rules”:

1. conceptual framework
2. needs and disruptions
3. solutions

Speakers:

- Ulla Engelmann, DG GROW
- Ismo Ulvila, DG CLIMA
- Oceane Peiffer-Smadja, DG GROW
- Ander Elgorriaga, IHOBÉ, Spain
- Henning H. Sittel, Effizienz Agentur NRW, Germany
- Kaspar Nielsen, Cluster Excellence Denmark
- Marisa Fernández, INNOSUP project VIDA
- Pierre Gaudillat, Joint Research Centre
- Jan Maarten de Vet, European Cluster Collaboration Platform
- Patrick Vuillermoz, Plastipolis, France

[Link to session's recording](#)

1. CONCEPTUAL FRAMEWORK

Green European Recovery: some remarks

Ulla Engelmann, from DG Grow, opened the session presenting the **EU industrial strategy** based on three main pillars: **Green Transition, Global Competitiveness and Digital Transition**. The goals are manifold: develop a deeper and more digitised single market, uphold a global level playing field, support industries towards climate neutrality, build a more circular economy, embed a spirit of industrial innovation, skill and reskill, and investing and financing the transition.

In this context, Ulla Engelmann showed **the Recovery Package called “Next Generation EU”** rolled out under three pillars:

1. Supporting Members State to recover
2. Kick-starting the economy and helping private investments
3. Learning the lessons from the crisis

The Package addresses all the 14 industrial ecosystems identified. The European Cluster Collaboration Platform is now ready to implement the **“European Green Deal”** with 250 industry clusters operating in environmental technologies together with 400 industry clusters operating in digital transformation.

During her presentation, a key need has been underlined: **Europe needs a digital sector that puts sustainability and growth at its hearth. Digitisation** is presenting new opportunities for monitoring and optimising how energy and natural resources are consumed.

European Green Deal

Ismo Ulvila from DG Clima, presented **the European Green Deal**. The main idea of this programme is to **transform the EU's economy for a sustainable future** and leaving no one behind. For joint results, it is important to design a set of deeply transformative policies and mainstream sustainability in all EU policies. It is a transition aimed at **making EU a global leader on this topic** and **develop a European climate pact**. However, as any other transition, it must be financed - for this aspect, it is important to pursue a green finance and investment.

Talking about the design of deeply transformative policies, it is important to increase the EU's climate ambition for 2030 and 2050, with a zero-pollution ambition for a toxic-free environment in order to preserve and restore ecosystems and biodiversity. Actions such as the "farm to fork" strategy, an environmentally friendly food system, are needed.

Regarding the industrial side, companies must be mobilised for a clean and circular economy, building and renovating in an energy- and resource-efficient way, accelerating the shift to sustainable and smart mobility in order to supply a clean, affordable and secure energy. To achieve the objectives of the European Green Deal, it is important to mobilise research, foster innovation, and pronounce a green oath: "*do no harm*".

Linked to the European Green Deal, there is **the European Climate law** that will eventually include the new 2030 target. The starting work proposal is to:

- Ask the Commission to explore 50-55% of new 2030 target by September 2020 – the Commission will propose to amend the law once the impact assessment is concluded.
- Ask the Commission to make new sectoral proposals by June 2021.
- Task the Commission to establish a Union-wide trajectory 2030-2050 to be used to assess progress towards climate-neutrality.

In parallel to the climate law, the **EU will support the transition with funding and financing tools:**

- The European Green Deal Investment Plan
- Renewed Sustainable Finance Strategy
- The Just Transition Mechanism and Just Transition Fund

Another important action is the **EU Climate Pact** to bring new proposals of green action for a climate-neutral world with the possibility to share ideas in a public consultation, which finished on 17 June.

European Resource Efficiency Knowledge Centre (EREK)

EREK Centre was introduced by **Oceane Peiffer-Smadja** from DG Grow. EREK is a network to support providers along 250 Green Tech Clusters in Europe. It is possible to check the database by visiting the following [link](#).

The **EREK Knowledge Base** covers 11 sectors of the industry in order to share more than 400 good practices, 130 measures, 80 technologies, and more than 370 programmes helping companies to save

water, carbon, materials, waste and energy including investment costs. The evolution of the Knowledge Base will be soon available on the ECCP website to:

- be validated by the Joint Research Centre,
- share more case studies, indicators, green best practices, and green technologies,
- mobilise EREK Network Members.

EREK is also providing different kinds of **events** to engage the members, such as webinars and workshops, and sharing reports, studies, and interviews.

How to support companies to be green and competitive after the COVID19 crisis? Experiences and proposals from EREK member

Ander Elgorriaga, from IHOBE, the Basque Government's Eco-Innovation Agency, shared their experience during the crisis. The Basque country, with 2.2 million of people and full tax autonomy, produced 23.9% of industrial GDO. **IHOBE** creates design instruments for the economy and the market and supports implementation, develops the knowledge, supports policy design, reinforces private public collaboration, and transfers and analyses the effective cost and mix evaluation.

Thanks to this action, the first result was the doubling of the eco-designed product and an expectation of services turnover of 7.000 MM €/y. The Basque Ecodesign centre achieved the result because they created a **Green supply chain partnership** with the development of technical eco-innovative project, the evaluation of new business opportunities, building up technical skills, and supporting Basque SMEs by GSCM.

The second result was the GHG expected at 0.35MM ton/y of mitigation and an additional turnover by 85 MM €/y from 2016 to 2020 with 430.000 ton/year of materials saved, 9% of reduction of unit cost, 230 new jobs and 12 new innovative business. This result was achieved thanks to the circular economy innovation projects programme.

The third result was the **implementation of green knowledge in companies** with more the 100 skilled graduates. This result was achieved thanks to the eco-design circular hub.

Regarding the **lockdown challenges**, the crisis generated a stop for investment, unemployment, unequal economic impact, uncertainty, and a lack of global stability. Therefore, **a phoning for Green Deal and for COVID-19 with EU financial implication is necessary**, as well as innovations to meet the needs, overcoming the disruptions of digitisation, resource efficiency, a development of local supply chains, a new EU Green Deal, and a public role of relevance. For IHOBE, this phoning creates an immediate impact in the fields of green drivers, innovation, green employment, digitalization, smart services and cost-effectiveness.

The EC can give an additional support in green policy driver implication for SMEs, clean technologies definition for SMEs, and ensuing green market surveillance. The intermediates can create green demand by explaining policy drivers and support innovation in business models.

Henning H. Sittel presented the Efficiency Agency North Rhine-Westphalia, an agency founded by the Ministry of Environment, Agriculture, Nature Conservation and Consumer Protection of the State of North Rhine-Westphalia with the aim to **improve competitiveness of SMEs by supporting a strategy of sustainable growth**. The approach of this agency is to introduce innovative technologies, methods and business process to SMEs that improve resource efficiency, avoid waste and hazardous emissions, deliver instant results, and reduce carbon emission. The target is to improve resource efficiency and competitiveness.

In conclusion the **resource efficiency in eco-design and production process is a key to sustainable growth and generate awareness**, which is why it is very important for circular economy.

The cluster approaches

Kaspar Nielsen, from Cluster Excellence Denmark, illustrated **how circular economy can be a way to reignite the post Covid-19 economy**. The organization supports clusters in circularity in order to find best practices around the world, find funding, share knowledge, match with partners, develop concrete tools, and highlight how clusters are key in building green partnerships and SDGs. **The cluster builds green partnerships for circular transition of SMEs**, creates access to the right smart green investors, builds bridges to relevant circular knowledge institutions and research, and opens doors to green new markets and getting the right skills. This support generates impacts on SMEs working on circular economy and specifically in the creation of new processes, competences and knowledge.

This impact is reached through the **raising awareness through events and workshops**, building bridges between research and companies but also through innovative projects for SMEs. **Clusters are powering the circular transition** with the construction of bridges to circular knowledge, putting circular policy into action, giving the opportunity to access at EU funding, supporting the circular public procurement and develop sustainable goals.

During the Covid-19 crisis, they analysed the impact of the crisis on clusters. They identified the specific need of **rethinking innovation**. The first intel from clusters was that the circular transition has not been cancelled, some companies have simply postponed it, others are still continuing or have gone digital.

The **next steps** can be divided in three blocks: (i) prepare a **quick survey on cluster organization** to gain insights on their experiences with circular economy; (ii) organize and promote **online workshop**; (iii) follow-up to gather the lessons learned in the crisis and share recommendations for cluster policy.

Marisa Fernandez Soler highlighted the **VIDA approach**. VIDA is an INNOSUP project funded by the EU. It deals with value-added innovation in food chains to support innovation capacity and resource efficiency in the agri-food sector. During her speech, Marisa shared their experience in the VIDA project development, in order to guarantee:

- support to SMEs
- the activation of cross-sectoral collaboration
- the activation of cross-fertilization

In brief, Marisa focused on five contents related to the VIDA project:

1. **Key facts:** a general overview of VIDA project (duration, total amount, partners and main goals)
2. **Voucher scheme overview:** divided in three pillars (i) Innovation Support Voucher, (ii) Validation Voucher and (iii) Demonstration Voucher
3. **Results:** to highlight SMEs awarded
4. **Beneficiary's overview:** underlined in terms of environmental, economic and technological impact

Marisa ended her presentation **recommending**:

- Funding cascade
- Environmental solutions with positive economic impact
- Creating of new value chains

Circular economy in practice: reshoring and shortening the value chain at local level

Pierre Gaudillat, from the European **Joint Research Centre**, opened the presentation introducing the concept of **“green growth”**, which describes an environmental business consistently outpacing conventional counterparts and the benefits of this choice. The benefits are extended to all sectors and companies. This more efficient, circular business model includes lower energy costs, lower and more stable material costs, lower waste disposal costs, increased revenue from waste and by-products, value chain reliability, a different brand, and reputation appeal.

Circular economy shows how supply chains, manufacturing and waste are interconnected. During the crisis, the globalised offshoring logic of the supply chain has been disrupted for different reason - not only because of Covid-19 crisis, but also because of trade wars and China’s current policies. It is important to develop a localised circular logic supply chain. An example of a **circular economy initiative** is the **industrial symbiosis**: waste coming from one sector could become raw materials for another one.

The EREK platform became a part of ECCP in order to have a knowledge database and redevelop the resource efficiency and circular economy contents for a better support target audience.

European Cluster Collaboration Platform

Jan Maarten de Vet, from the European Cluster Collaboration Platform, opened his intervention with a **recap of last five years of activities by ECCP** with the aim of fostering cooperation among industry cluster. The ECPP has 1132 cluster and 55 cluster associations and networks registered; thank to this, 45 clusters cooperations between the EU and the third countries have been established. The SMEs have been sharing **the benefits to be part of this association** and how they have developed many partnerships during these 5 years of work. Another plus is the visibility and the recognition that ECCP provides. Recently, the ECCP is **involved in the analysis of disruptions** in European value chains led by the European Clusters Alliance. They also offer **a look at the future** with upcoming events (follow this [link](#)).

Now, the **ECCP entered a new marriage with EREK in collaboration with Joint Research Centre** in order to help **boosting the green recovery of European Industry** and helping clusters and their members to become more resource efficient. Clusters can be instrumental in advancing businesses to **make the “green” transformation**, sell environmental technologies and services. The cooperation with the Joint Research Centre of the European Commission can increase the knowledge basis and give more information for resource efficiency support actors.

The partnership between EREK and ECCP is based on three values propositions:

- Raise awareness of clusters as agents of resource efficiency towards EREK community
- Empower cluster managers as brokers of the circular economy towards cluster managers
- Engage clusters in circular economy strategies and action plans, with the support of EREK towards policy makers

Shortly, a **new platform** with activities of ECCP and expanding to cover the whole cluster community will be available. In the meantime, four steps have been proposed for international reach and visibility:

1. Regularly update the profile
2. Upload articles, news, share your achievements, announce your events
3. Tag #ECCP in social media for wider reach
4. Set up collaborative network.

Proposals from the European Clusters Alliance

Patrick Vuillermoz, from the cluster Plastipolis, which was established in 2005 and focusses on plastics, composites and polymers with more than 250 members, illustrated **the cluster initiatives during the crisis**. ECA is supporting the post-Covid recovery, sharing information, doing matchmaking, and sharing practices in Europe to give quick responses to companies. **Clusters are mentioned as key agents for a sustainable economic recovery.**

The innovation program for a **green and collaborative rebound and recovery** developed by clusters is based on six actions:

- Closer contacts between SMEs and OEMs
- Target high added value markets
- Agile and versatile manufacturing processes
- Support for relocating the supply chains in Europe
- Enhance international openness
- Implement solutions for environmental transition

1. IDENTIFICATION OF DISRUPTIONS

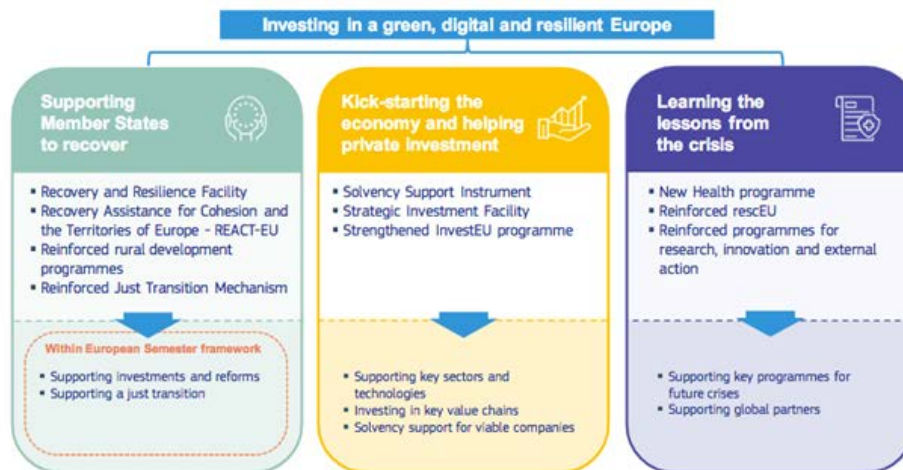
First disruption and solution: Next Generation EU - long-term strategic pillars

Source: Ulla Engelmann

Evidence: The evolution of today's markets, which is increasingly dynamic and more demanding (and even more characterized by trends such as *shorter lead-time production* and *mass customization*), requires a strong long-term vision to enhance competitive advantage for European Industries and Ecosystems. To assure this advantage, European policies focus their strategies on a *Triple European long-term goal for Industry*, based on three main pillars: (i) sustainable paradigm and green economy; (ii) smart technologies and digital transformation; (iii) more resilient supply chains and global competitiveness. The supports provided by the European Community are manifold and result in a constellation of funding for cross-sectoral and cross-regional innovation ranging from technology to finance, from the market to knowledge and human capital.



According to this triple objective, the Recovery Package of Next Generation EU will be rolled out under three main pillars, as visible in the figure below. Moreover, 14 industrial ecosystems have been identified as main sectors to whom the package is addressed: tourism, mobility-transport-automotive, aerospace and defence, construction, agri-food, energy intensive industries, textile, creative and cultural industries, digital, renewable energies, electronics, retail, proximity and social economy, health.



Geographical impact: EU

Stage of value chain: all stages

Character of the disruption: new long-term strategies of EU industries and societies

Time frame: mid and long term

EU actions needed:

- **Funding:** funding for SMEs and research innovation

Recommendation:

- Europe needs a digital sector that puts sustainability and green growth at its heart. Among many, digitalisation presents new opportunity for monitoring of air and water pollution; and monitoring and optimize how energies and resources are consumed. There are hundreds of industry clusters ready to implement the European Green Deal (250 industry clusters operating in the environmental technologies and 400 industry clusters operating in digital technologies)

Second disruption: Circular Economy and Sustainable Paradigm as a way to reignite the Post-Covid-19 Economy

Source: Kaspar Nielsen

Evidence: Among the big impacts and challenges that COVID-19 crisis has generated within several industrial sectors, there are: investment stop, unemployment, unequal economic impacts (e.g. automotive vs. renewable energies), uncertainty, lack of global stability and many others. Green transition and an efficient resource consumption can represent the right way to accelerate the rebirth of the European economy. The depletion of resources and the downgrading of the environment, driven by globalization and the consumerism phenomena, is worldwide pushing the interest on the Circular Economy (CE) concept. Supposed to substitute the end-of-life notion with restoration and closed-loop product lifecycles, CE wants to eliminate wastes, retain the value embedded into products and materials, foster the use of renewable energies and eliminate toxic chemicals. In this way, CE represents one of the main trends related to the Sustainable Paradigm that has been affecting research and industries during the last years. In this context, clusters build green partnerships for circular transition of SMEs through: (i) building networks with other companies for knowledge sharing on circular transition; (ii) access to the right smart green investors; (iii) building bridges to relevant circular knowledge institutions and research; (iv) getting the right skills (from specialists designing the circular transition to more labour intensive resources), also considering SDGs as a direction for circular transition; (v) opening doors to green new markets – commercial, public and international; (vi) putting policy into action (supporting implementation of national/international policies on CE).

The Covid-19 crisis has given a strong shock to many sectors, often causing companies to review their priorities. Some companies have postponed their circular transition projects, but the transition has not been cancelled. They are still interested in innovation and, moreover, some circular transition activities have gone digital.

Geographical impact: EU

Stage of value chain: design, manufacturing and products/services lifecycle management

Character of the disruption: CE strategies and best practices to support the post-crisis EU economy restoration

Time frame: mid and long term

EU actions needed:

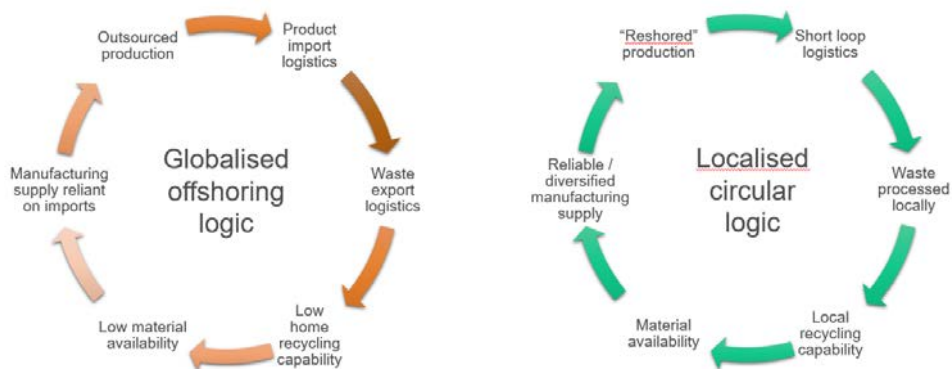
- **Funding:** The transition of linear production to a more circular one can be complicated and costly, especially for SMEs. Funding is necessary to support the transition.

- **Coordination:** Bridging the gap between research and SMEs is a key task for Europe. Clusters are also playing a central role in building circular knowledge bridges between research and businesses.

Recommendation:

Circular Economy transition of European Industrial clusters can be supported by:

- Finding best practise around the world, considering SDGs importance
- Finding funding
- Sharing knowledge
- Matching with partners
- Concrete tools
- Highlighting how clusters are key in building green partnerships
- Resource efficiency in eco-design and production processes as key to sustainable growth
- Generating awareness
- Potential and benefits are recognised by the company with the aid of consultants
- Implementing available concepts, approaches and methods
- For the implementation, the need for tangible and independent support is particularly relevant for SME
- Further training for all networking partners (lifelong learning)
- Networking to exchange knowledge and work together about current challenges in supply chain management
- Demand-oriented approach is required to earning trust in SME
- Local supply chains represent a key approach for the transition toward circular systems:



- Main benefits for companies are: resilience to supply/value chain shocks; material availability and diversification of raw material supply; waste management; higher revenues from waste; compliance with forthcoming legislation; easier audit of supply chain.
- Main benefits for environment and for EU economy: reduction of emissions (GHG, pollution, etc.); reduced material dependency; reduced resource extraction; value maintained in the EU; green growth and jobs e.g. from recycling, remanufacturing and beyond.

IDENTIFICATION OF NEEDS

- There is a limited knowledge about Green Policy Drivers, Competitors and Green Markets
- Life Cycle Thinking pays off! Right decisions. But Life Cycle Analysis is complex and it is not always easy to be internalized in business by own people
- Pro-active Greening of supply chain is slower than expected
- High cost-effectiveness of greening products and services
- Instruments that supports academics greening in the long term
- High knowledge developed but efficient transfer to SMEs is lacking

SOLUTIONS

1. Possible solutions to foster the green and collaborative European Recovery are:
 - Green drivers: line up all actions to create green market demand. Few businesses understand the real implications, loosing relevant opportunities and assuming high risks
 - Innovation: maintain or increase public support
 - Green employment: multiply graduate's employability
 - Digitalization: tax reduction for green digital investments
 - Smart services: support SMEs using digital potential
 - Cost effectiveness: design decisions based on it, measuring better performance during and after actions
2. The European Green Deal aims to transforming the EU's economy for a sustainable future. Main goals:
 - Designing a set of deeply transformative policies
 - Mainstreaming sustainability in all EU policies
 - Financing the green transition
 - Leave no one behind
3. Create a European Task Force. In this context, the European Resource Efficiency Knowledge Centre and Network (EREK) is a network of resource efficiency support providers and represents a key actor for the European green transition strategy. It covers 11 sectors of the industry and more than 400 good practices, 130 measures, 80 technologies, and 370 support programmes for companies to save water, carbon, materials, waste and energy, including investment costs. Companies can receive guidelines and good practices to be more efficient and effective in the use of natural resources. It supports with obtaining grants on an international, national and local level. It represents a cost-effective way to be green and competitive also after the crisis. As an example, among the different benefits that companies can achieve, there is the resource depletion reduction due to eco-design, manufacturing processes efficiency, product durability, upcycling and downcycling, end-of-life strategy optimization and an accelerated market penetration caused by a coherent EU green policy.