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Setting the Scene – Input Paper for East & North Finland

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Economic profile of East & North Finland

General trends in the economy:
- Considerably large region in Finland with €48.9 billion GDP in 2021 (representing 19.5% of Finland's total GDP)
- 2021 GDP per capita of €28,000 (below EU & Finland averages), but growing at 3.7% (above EU & Finland averages)

Sectoral composition:
- Services make up two-thirds (66.1%), while Agriculture and Mining compose 7.8% of employment
- 2 regionally relevant ecosystem nodes (Electronics & Health) and 8 regionally relevant sectoral nodes:
  - Forestry & logging
  - Manufacture of wood
  - Social work activities
  - Manufacture of computer, electronic & optical products
  - Residential care activities
  - Construction of buildings
  - Activities of membership organisations
  - Human health activities
- The region's focus on raw materials is reflected in the nodes (e.g., forestry & logging and manufacture of wood)

East & North Finland’s innovation and regional competitiveness performance

RIS: FI1D – North and East Finland as a “Strong Innovator +“

Strengths
1. Innovative SMEs collaborating (relative to EU)
2. International scientific & public-private co-publications (relative to EU)
3. R&D expenditures business & public sector (relative to EU & Finland)

For future development:
1. Employed ICT specialists (relative to EU & Finland)
2. Product Innovators (relative to EU & Finland)
3. Employment knowledge-intensive activities (relative to EU & Finland)

Regional Competitiveness Index 2022
• Slightly above average performance in both the Basic and Innovation Sub-Indexes, with particularly strong indicators for institutions

Source: Regional Innovation Scoreboard 2021
Cluster organisations* in East & North Finland: Locations, sectors and structures

Cluster Organisations
• 21 Cluster Organisations (CO) registered on the ECCP from E&N Finland – more than any other Finnish region
• Covering 9 out of 14 EU Industrial Ecosystems
• 46 COs overall in E&N Finland (as listed by regional authorities)

Member Structure
• SMEs account for large majority of CO members (83%; ØEU: 84%)
• Large companies less than EU-average (7%; ØEU: 9%)
• Significantly larger share from the research sector: 10% (ØEU: 7%)

Collaborative Areas:
• Internationalisation & Partnering for projects
• Digitalisation
• Resource efficiency & Circular economy

Source: ECCP (2023). Own elaboration based on https://reporting.clustercollaboration.eu/all; last access 02.03.2023. *registered on the ECCP
Importance of cluster organisations for regional economic competitiveness

Cluster organisations are positively correlated with a range of economic competitiveness indicators:

**Business environment**
- + Public R&D expenditure
- + Human resources in science & technology

**Firm behaviour**
- ++ Business R&D expenditure
- + Employed ICT specialists

**Intermediate performance indicators**
- + Apparent labour productivity
- + PCT patents per Capita
- + ICT patents

**Outcome indicators**
- + GDP per Capita
- + Employment in technology & knowledge intensive sectors
- + Share of ICT in GVA

However: The presence of regional industrial agglomerations is also linked with higher air pollution.

++ Positive correlation
+ Weak positive correlation

Source: Own elaboration based on ECCP Summary Report 2022
The European Commission offers important programmes for collaborative projects among clusters & their members

<table>
<thead>
<tr>
<th>2014-2020 funding period</th>
<th>2021-2027 funding period</th>
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<tr>
<td><strong>INNOSUP-1</strong></td>
<td><strong>Euroclusters</strong></td>
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<td>• Horizon 2020 initiative</td>
<td>• Single Market Programme</td>
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<td>• Development of new crosssectoral industrial value chains across the EU</td>
<td>• Support the implementation of the EC industrial strategy through cross-sectoral, interdisciplinary and trans-European cluster initiatives</td>
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<td>• One cluster involved in two INNOSOP-1 projects (MINE.THE.GAP &amp; DigiCirc)</td>
<td>• Two clusters involved in two Euroclusters (CircInWater &amp; PIMAP4SUSTAINABILITY)</td>
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<tr>
<th><strong>ESCP-4i</strong></th>
<th><strong>ESCP-4x</strong></th>
<th><strong>ESCP-S3</strong></th>
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<tr>
<td>• COSME initiative</td>
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<tr>
<td>• Development and implementation of joint internationalisation strategies to support SME internationalisation</td>
<td>• Boost the cross-cluster networking and learning within the EU and development of cluster management excellence</td>
<td>• Boost cluster cooperation in specific thematic areas in the field of regional smart specialisation strategies</td>
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<tr>
<td>• Three clusters involved in three ESCP-4i (REINA PLUS, PIMAP PLUS &amp; PIMAP Partnership)</td>
<td>• No cluster participation from East &amp; North Finland in ESCP-4i.</td>
<td>• No cluster participation from East &amp; North Finland in ESCP-S3.</td>
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Source: ECCP (2023)
Three clusters from East & North Finland involved in going international with European partners

Overview of involvement in the ESCP-4i

- **PIMAP Plus**: Photonics for International Markets and Applications Plus
  - France, Sweden, Poland, Finland, Italy

- **PIMAP Partnership**: Photonics for International Markets and Applications
  - France, Poland

- **REINA Plus**: Renewables Energy Internationalisation ESCP project for European SMEs Finland
  - Spain, Portugal, Italy, Finland

- **3 project participation in the ESCP-4i** by 3 cluster organisations from East and North Finland
- **European cluster partners** came from 7 different countries
- **Thematic focus**: Value chains of renewable energy businesses and photonics for international markets
- **Different target markets**: Mexico, Brazil, Colombia, North America, Chile, China and Japan

Source: ECCP (2023); based on information from COSME data hub.
Two cluster organisations from East & North Finland part of first Eurocluster call

Overview of involvement in the Euroclusters

**CircInWater:** Support the European industry to tackle the water challenges of consumption and pollution and contributing to Europe’s economic sovereignty

**PIMAP4SUSTAINABILITY:** Connect together all key stakeholders along the photonics value chains to enhance the resilience capacities of European SMEs and their industrial ecosystems

- The 2 cluster organisations Photonics Finland and Mikkelin Kehitysyhtio from East and North Finland in 2 different Euroclusters
- **Thematic focus** on sustainable water consumption and photonics value chains to increase European resilience
- **11 cluster partners** come from 7 different MS

Source: ECCP (2023); based on information from Funding & Tender Portal
Overarching priorities of the joint S3 2019-2023 of East & North Finland and survey results

Contribution of competencies of East & North Finland cluster organisations to priority areas

Legend
- Common Competences
- Growth Sectors

Source: ECCP (2023) own elaboration based on the joint S3 of East & North Finland 2019-2023
Key findings on the S3 21-27 of the 7 underlying regions of East & North Finland

- S3 in Finland are traditionally designed on a granular regional level (NUTS3).

- A total of **35 priority areas** have been identified in the S3 of the 7 underlying regions of East & North Finland.

- These priority areas address a **wide range of topics**, ranging from “Food products” over “Wellness and experience economy services from nature” to “Energy production and storage”.

- A number of the priority areas have a direct link to the topic of **raw materials** (e.g. Excavation Industry in Kainuu, Forest industry in North Savo, etc.)
Final Remarks

1. Economic profile of East & North Finland
   • Economic structure historically focused on forestry & mining. In recent years, the service sector has become an increasingly important player in the region.
   • Above EU-average innovation performance (“Strong Innovator +”)

2. East & North Finland clusters and their importance for regional economic development
   • East & North Finland reports the highest absolute number of registered cluster organisations on the ECCP of all Finnish regions.
   • Many cluster organisations are engaged in providing assistance in the areas of circular economy & digitalisation.

3. Cross-border cooperation & European networks
   • East & North Finland cluster organisations were involved in several cross-border projects in the 2014-2020 period. 2 cluster organisations from the region are involved in 2 Euroclusters

4. S3 in East & North Finland
   • The S3 of the 7 underlying regions and the joint S3 2019-2023 of East & North Finland address a wide range of topics where also raw materials play a key role.
   • The importance of priority areas related to the Green & Digital Transition for cluster organisations stands out.
Thank you!