



# Vanguard Initiative Business opportunities for European industry

The Vanguard Initiative and its Potential

Peter Berkowitz

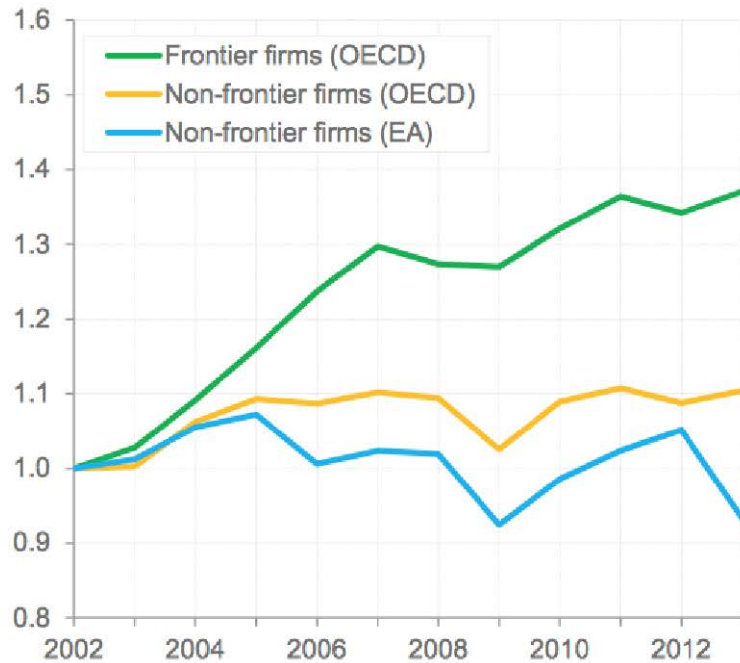
European Commission  
Directorate-General for Regional and Urban Policy



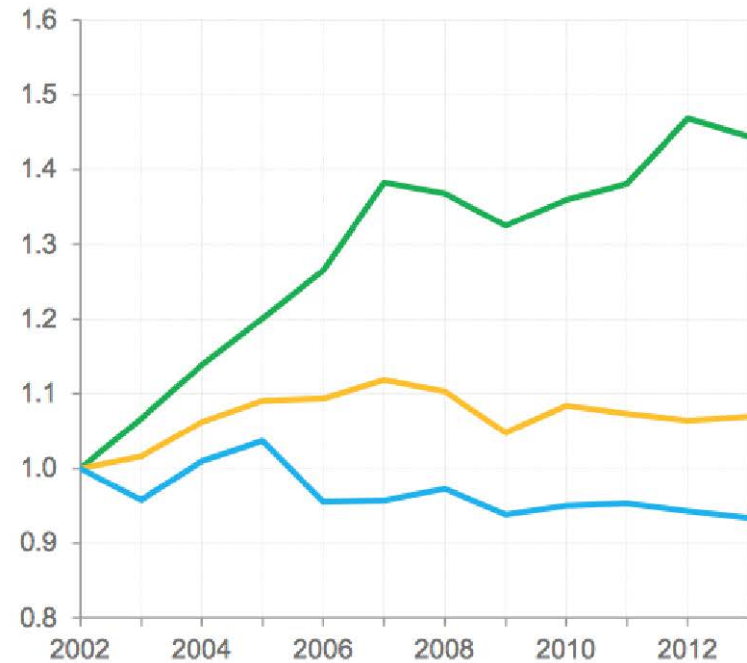
# Labour productivity growth of global frontier firms and non-frontier firms

Index 2002 = 1

### Manufacturing



### Services



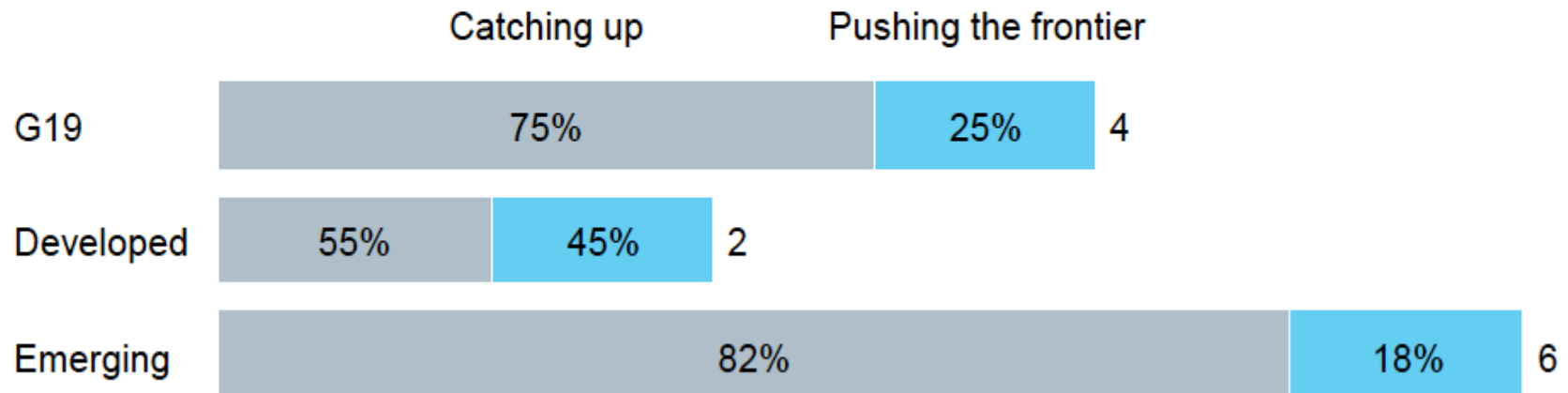
Save PDF to E

Source: ECB

# The gains from pushing the frontier and innovation diffusion

Approximately three-quarters of the productivity potential identified comes from catching up, and the rest from pushing the frontier

Potential per annum productivity growth rate  
%



SOURCE: McKinsey Global Institute analysis

# How to unlock these potential gains in Europe?

## National and regional measures

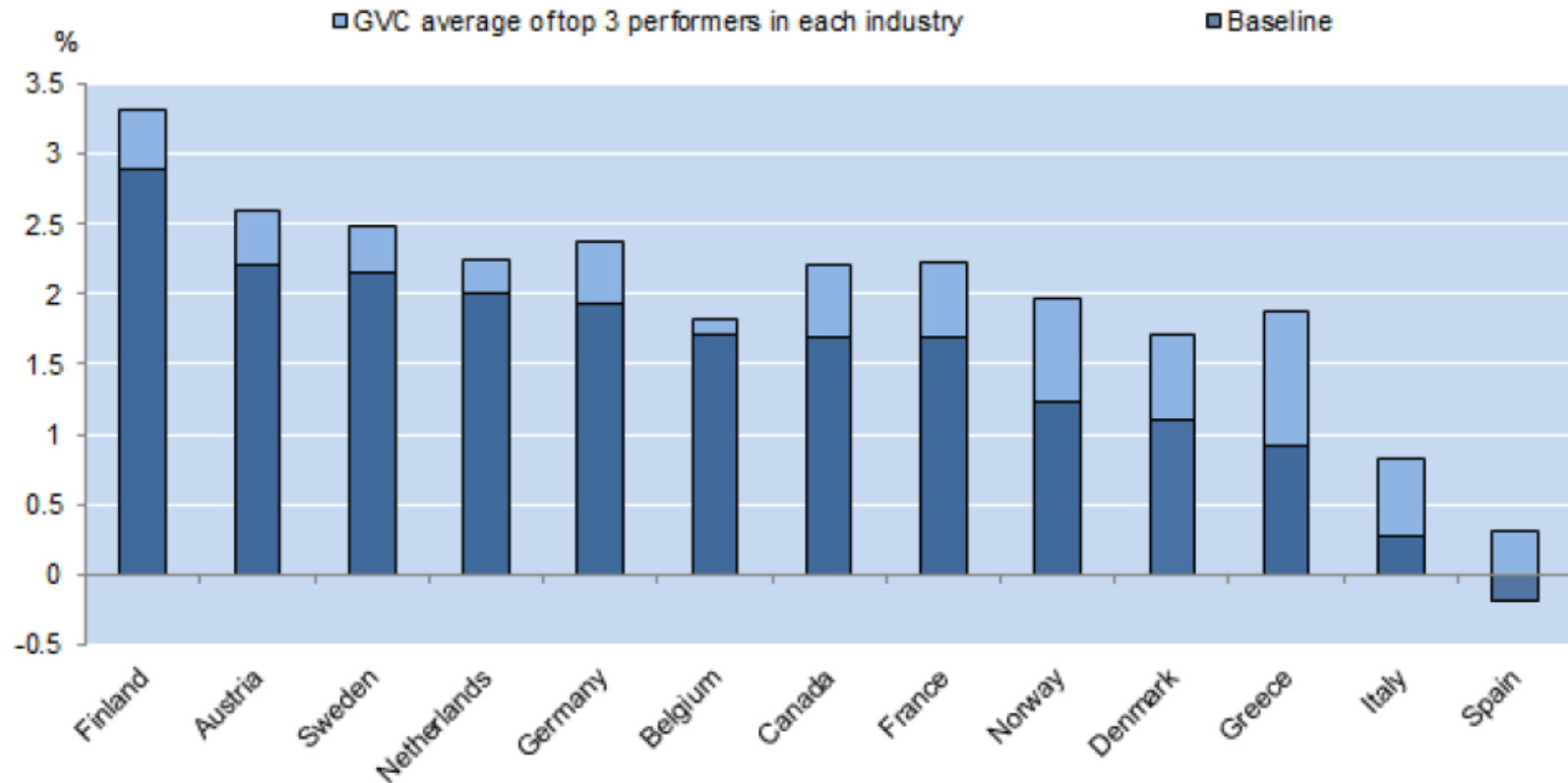
- Public funding of research and innovation,
- Well-functioning product, labour and risk capital markets
- A competitive and open business environment
- Skills provision and efficient labour markets
- Smart specialisation

## Strengthening connections in the European Union

- Matching public and private capacities across regions
- Creating economies of scale
- Participation in global value chains (GVCs)
- Improving international access to skilled workers

# The benefits of GVC participation

B: Estimated gains to MFP growth associated with raising GVC participation



Source: OECD (2015)

# Promoting innovation investment across regions

Stronger strategic **inter-regional** cooperation and sustainable linkages between **regional ecosystems** along **smart specialisation** priority areas can help increase **innovation diffusion**.

## Already existing model of cooperation:

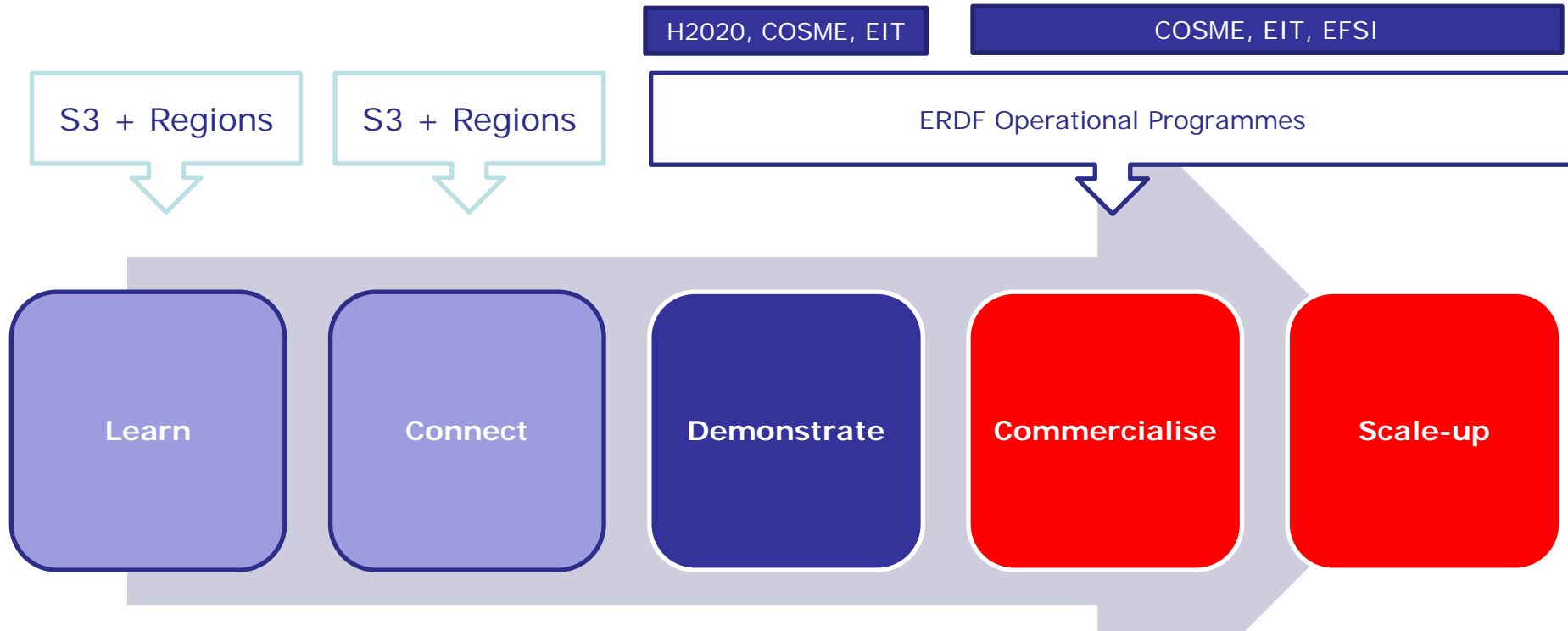
**Thematic Smart Specialisation Platforms:** joint EC's initiative set up in December 2015. They focus on industrial modernisation, energy and agri-food. More than 80 regions around 17 partnerships.

**Vanguard Initiative:** a network of 30 EU regions with strong political commitment to use their RIS3 to boost new growth. It seeks to help regional clusters and ecosystems to focus on priority areas for transforming and emerging industries.

## What are the opportunities for the public and business sectors?

- Leverage other large European R&I initiatives with these platforms and their regional partnerships
- Encourage the commercialisation and scale-up of inter-regional innovation projects
- Incentivise joint business investment through national and EU instruments

## Pilot Project: Interregional innovation projects



### KEY ELEMENTS

- 1M€ per year
- 5-10 pilot partnerships
- Dedicated technical assistance to support them

- Testing approaches to commercialise and scale-up interregional investment projects
- Developing bankable projects for support from financial instruments
- Attracting private investments by backing projects that may need risk-coverage
- Developing new value chains



***Thank you!***