



NORTH-EAST REGION'S SMART SPECIALIZATION STRATEGY
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ANALYSIS REPORT OF COMPETITIVE ADVANTAGES AND
INNOVATION POTENTIAL FOR THE ECONOMIC DEVELOPMENT
OF THE NORTH-EAST REGION

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Executive Summary

The smart specialization strategy is a useful instrument for the realization of efficient (result/cost weigh) and effective (impact /objective weigh) investments in research, development and innovation. Thus, it is necessary to identify the regional competitive advantages in order to valorize them.

This strategy aims to foster economic competitiveness within North-East Region, by creating and developing innovative companies, introducing modern technologies in RDI units, valorizing these infrastructure and stimulating the partnerships among universities, research institutes and companies in those areas where competitive advantages have been identified.

Another objective of this strategy is represented by the passing from the resource-based competitiveness to the innovation-based competitiveness, a process that implies the development of the research capacities in high-tech areas that generate added value, with a potential for export and for the engagement of other productive sectors.

In this sense we have analyzed the expertise in research and development and in economic competitiveness, in order to realize a correlation between the RD activity and the business performance within the regional innovation system. The analysis is based on the official data published by EUROSTAT and the National Statistics Institute, as well as on the studies elaborated by GEA and ARUP.

In addition to the analysis of the macroeconomic indicators, to rank the North-East Region among the other regions, like the GDP, GDP/capita, weight of RD expenditure within the GDP, economic efficiency indicators have been considered for gross added value, labor productivity, as well as other indicators that characterize the business environment such as the number of active local units, staff information, turnover and net investments for every sector. Through these there have been identified the sectors with clustering potential and some sectorial development guidelines have been suggested. The comparative advantages lay at the bottom of the products' and services' sectorial specialization, and in order to assess the specialization, but also to determine the revealed comparative advantages at county and regional level, there have been analyzed the RCA indicator (revealed comparative advantage). The innovative potential of the North-East Region has been demonstrated through the analysis of all actors involved in this activity, of the innovation and technological transfer bodies, of the innovative enterprises and of the innovation types and expenditures performed.

By the implementation of this strategy we will try to focus regional resources and investments in areas that present competitive advantages and high added value.

Conclusions

The North-East Region is the poorest Romanian region, marking a GDP/capita that also ranks it amongst the poorest in Europe also. Thus, this region's development sources must be valorized and supported



through long term measures in several specific sectors that represent drivers of increased competitiveness. Moreover, the intraregional disparities are visible and highly agricultural counties coexist with more developed ones.

The region is also characterized by low indices for efficiency and productivity, marking high values for companies and staff number, but low values of the overall turnover.

There have been highlighted an aggregation of the economic activity within the traditional sectors, with a high number of economic operators that entail the major part of labor, turnover and exports.

However, North-East Region's entrepreneurship is moderate to low, placing the region on the last positions in the national ranking in terms of number of firms and density of SMEs. The same situation is encountered when new registrations distribution that reflects entrepreneurial development between the counties in the North-East Region. Still, a positive correlation was perceived between the degree of economic development and entrepreneurship in the sense that in counties where business is stable (Iasi), the number of start-ups is growing.

As mentioned in the analysis, the focal point of the smart specialization strategy is represented by the support for the entrepreneurial discovery process, through which creative solutions are developed by combining advantages and by partners' collaboration.

This process is linked to enterprises that can identify new opportunities to contribute to discovering the production specific, as well as to identifying future research and development areas. Further, in the North-East Region, there have been identified several sectors that hold competitive potential, where economic activity is strong, and results could be maximized through smart specialization consideration. Thus, sectors such as agro-food, clothing and textiles, IT&C, wood and furniture can represent key-sectors in the smart specialization of the North-East Region.

The region benefits of the existence of 6 clusters in areas with development potential, and these initiatives must be further supported because they foster the creation of inter-sectorial links and knowledge externalization.

In the North-East Region there have been observed territorial specializations more obvious in some cases than in others (in food industry, textiles, IT&C, etc.), but in the majority of situations, agglomerations are present in county capitals.

The region marks comparative advantages for product groups with low added value, such as clothing and accessories, wood, charcoal and attracts few foreign investors to carry on technology-intensive activities, especially in Iasi, Suceava and Neamt counties.

The creation of strong relations between universities and businesses represents a regional concern, followed through by clusters, which support technology transfer and the uptake of research results in



industry, and by other existing entrepreneurial initiatives, such as business incubators, science and technology parks, industrial parks or business centers.

The economic transformation of the North-East Region is influenced by the capacity to determine the convergence between innovation and production, in order to identify niche sectors by the reconfiguration of the traditional ones with an increase in the knowledge input.