

Session 1 – Regional Economic Development



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Input paper Presentation

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UKRAINIAN
CLUSTER
ALLIANCE



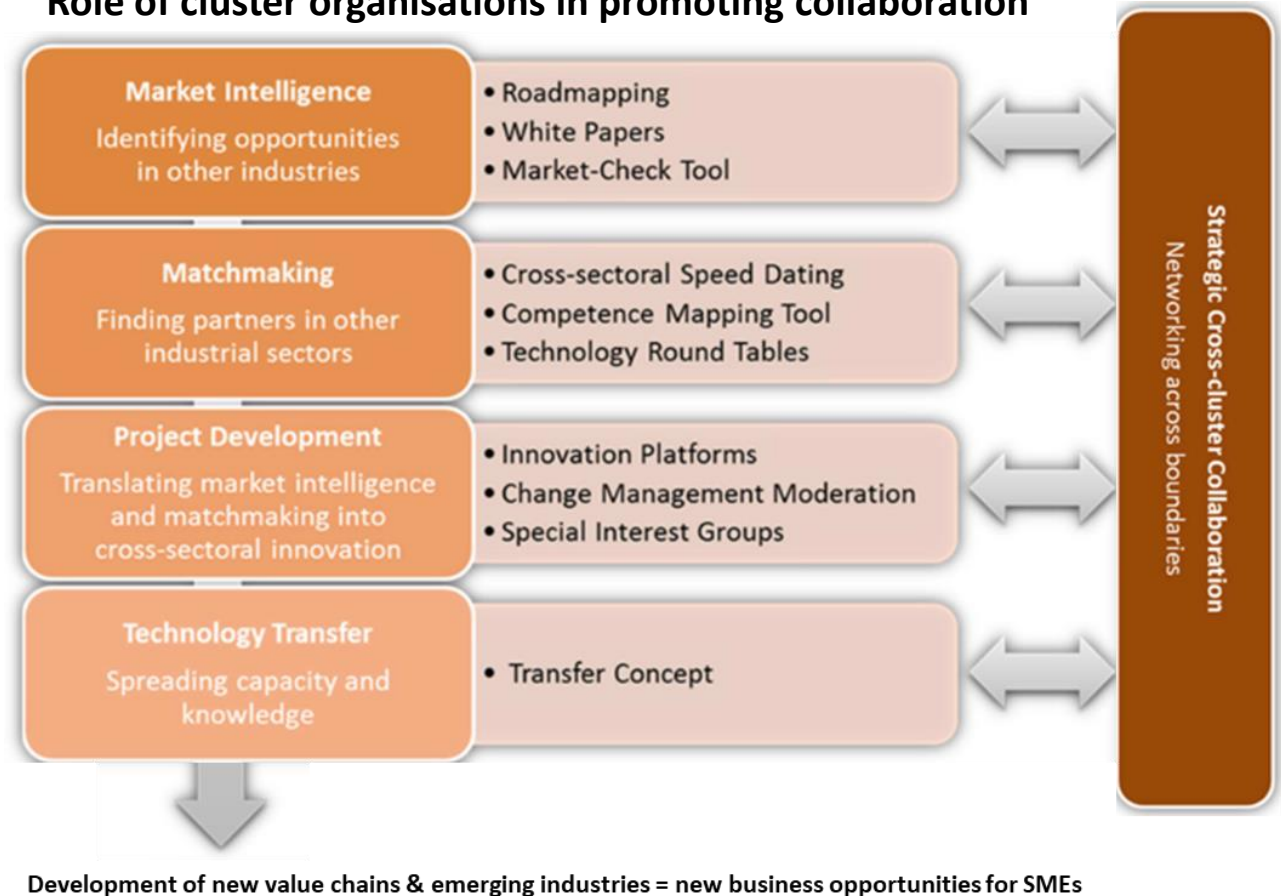
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Background and purpose

Purpose of the Input Paper

- Providing **relevant information & analyses** on the integration of Ukrainian clusters & companies into EU value chains
- By highlighting the important role of cluster organisations in this regard the following topics are addressed:
 - Context: Economic profile in SK, UA & the macro-region
 - Lost supply, lost export markets and EU & Ukraine trade flows
 - Cluster landscape in SK, UA & macro-region
 - International cooperation and capacity building
 - Potential for interregional (cluster) cooperation

Role of cluster organisations in promoting collaboration

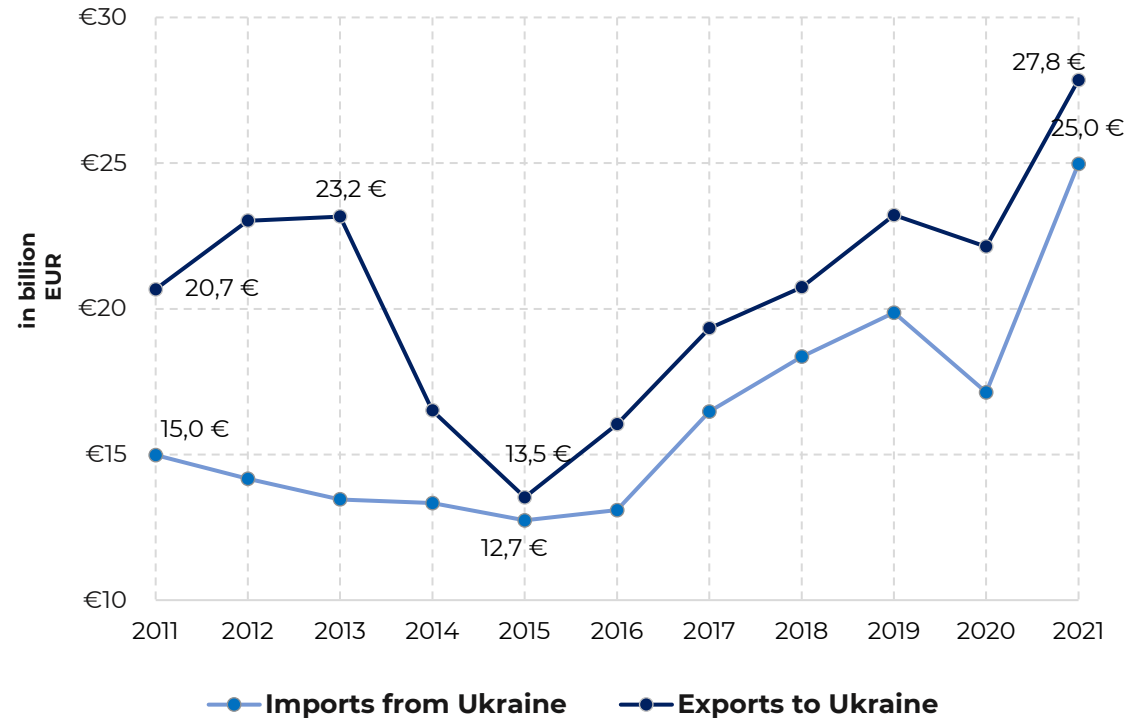


Source: European Cluster Observatory (2014): Cluster Collaboration and Business Support Tools to Facilitate Entrepreneurship, Cross-sectoral Collaboration and Growth

Trade flows: Lost supply & lost export markets



Trade flows between EU27 & Ukraine,
in bn Euro



- Pre-war trade volume between the **EU27 & Ukraine** has grown strongly over the last decade, peaking at around €53 billion in 2021.
- Impact of Russia's war against Ukraine & the subsequent sanctions have led to **lost supply & export markets** of firms in the EU27 & Ukraine.
- **Nine industrial ecosystems** identified as key areas for further cooperation between EU & Ukraine:
 1. Aerospace & Defence
 2. Agri-Food
 3. Construction
 4. Digital
 5. Electronics
 6. Energy Renewables
 7. Health
 8. Mobility-Transport-Automotive
 9. Textiles



Several international firms have maintained or even increased their investments (**FDI**) in Ukraine despite the war.

Source: ECCP (2023), own calculation based on UN Comtrade Database

Nine industrial ecosystems most affected by the new geopolitical reality, many potentials for nearshoring & new value chains

Aerospace & Defence



- Aircraft & **engines** for propelling vehicles are among top exports from EU to Russia before the war

Agri-Food



- Russia was a relevant supplier for fertilizers before the war
- Ukraine as a relevant supplier of **agri-food commodities** (e.g. sunflower oil, maize, seeds, etc.)

Construction



- **Wood, steel & furniture** among relevant imports from Russia to the EU prior to the war

Digital



- **IT sector** as a key sector for Ukraine
- Success of Ukraine in combatting Russian cyberattacks
- Vivid (digital) **start-up ecosystems** in major cities (e.g. Kyiv, Lviv)

Electronics



- **Insulated wires, cables**, & other electric conductors as key commodities imported from UA to EU before the war
- Ukrainian as a supplier of **raw materials** (e.g. silicones for semiconductors)

Renewable Energy



- Pre-war imports of gas & oil from Russia stand out
- EU sanctions target mainly the Russian energy sector

Health



- **Medicaments** were key commodities exported from EU to Russia & Ukraine before the war

Mobility-Transport-Automotive



- **Transport equipment** (e.g. motor vehicles) dominant goods in EU exports to Russia & Ukraine before the war

Textiles



- Ukraine provides potential for further cooperation in the future
- **EU-Ukraine Textile** initiative has been launched

Raw materials



- Russia as a major supplier of raw materials (e.g., steel, iron, etc.) before the war
- Ukraine can potentially substitute those raw materials and provide several other raw materials which are relevant for various ecosystems (e.g., titanium ores for construction of aircrafts)

Cluster landscape in Slovakia



Slovakia has a strategic geolocation for trade and provides a variety of sectoral strength (e.g. "Mobility-Transport-Automotive", "Agri-Food")

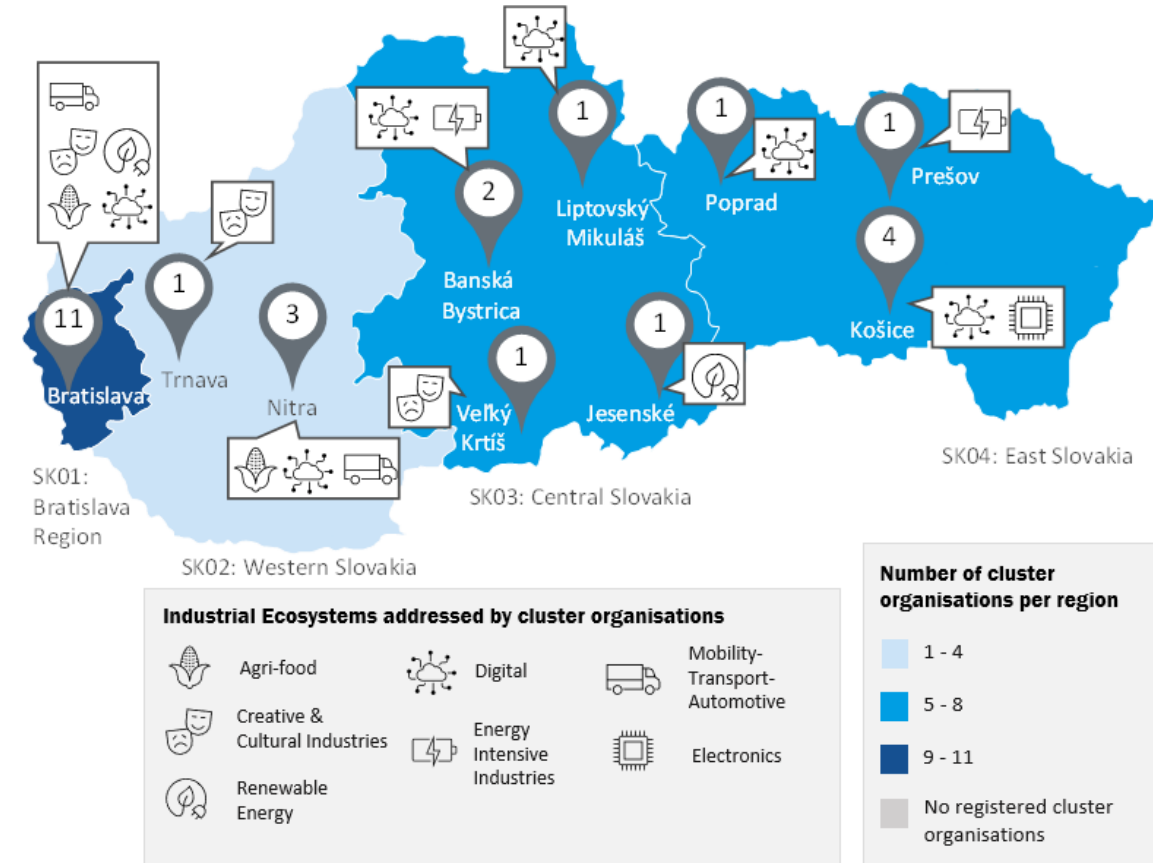
Cluster Organisations

- 26 Cluster Organisations (CO) registered on the ECCP from Slovakia
- Covering seven out of 14 EU Industrial Ecosystems
- Most represented ecosystems:
 - Digital (10 COs)
 - Energy-Renewables (4 COs)
 - Creative & Cultural Industries (4 COs)

Danube Transnational Programme:

- Slovak & Ukrainian actors have worked on cross-regional projects with 12 partner countries between 2014-2020
- Collaboration continues in 2021-2027 (whole territory of Ukraine eligible for participation in calls)

Cluster organisations in Slovakia*

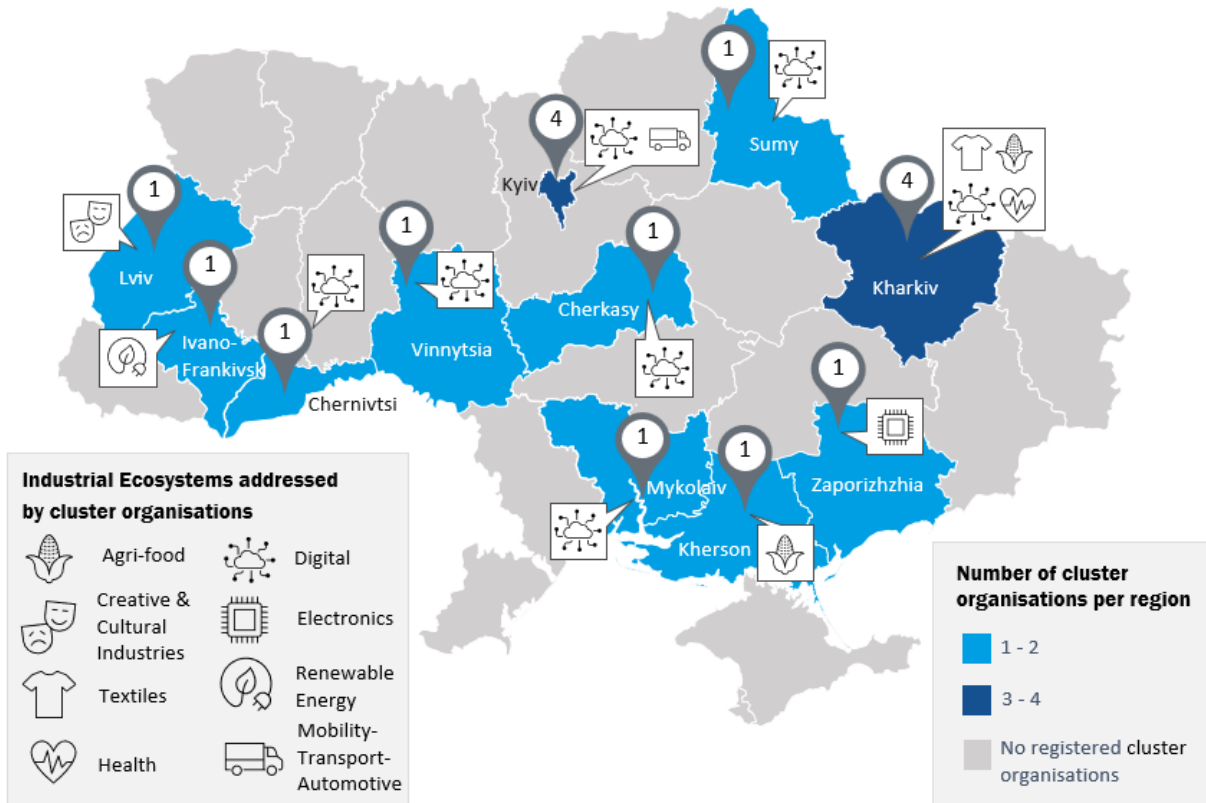


Source: ECCP (2023), own elaboration based on ECCP profile data.

* Registered on the ECCP.

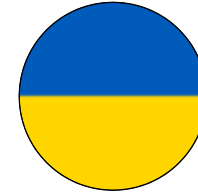
Cluster landscape in Ukraine

Cluster organisations in Ukraine*



Source: ECCP (2023), own elaboration based on ECCP profile data.

* Registered on the ECCP.



Ukraine's key sectors prior to the war were wholesale & retail trade, agriculture, forestry & fishing & manufacturing.

Ukrainian Cluster Alliance (UCA)

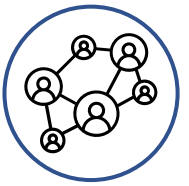


- Driving force in Ukrainian cluster landscape since March 2022
- Provides long-term strategies & short-term actions with its Roadmap 2022-23 plan:
 - Draft National Cluster Development Programme
 - Organisational development & interregional networking of clusters
 - Internationalisation of cluster activities
- Membership: 48 Cluster organisations
- Ukrainian cluster organisation operate in the 9 industrial ecosystems identified as key areas for further cooperation between the EU & Ukraine

Outlook: Building on the potential for interregional cooperation



Macro-region represents a large share of the European economy (37% of EU27 GDP) as well as a variety of sectoral strengths



Potential for cluster cooperation:
More than 120 relevant cluster organisations in Slovakia & the macro-region identified for collaboration with Ukrainian clusters



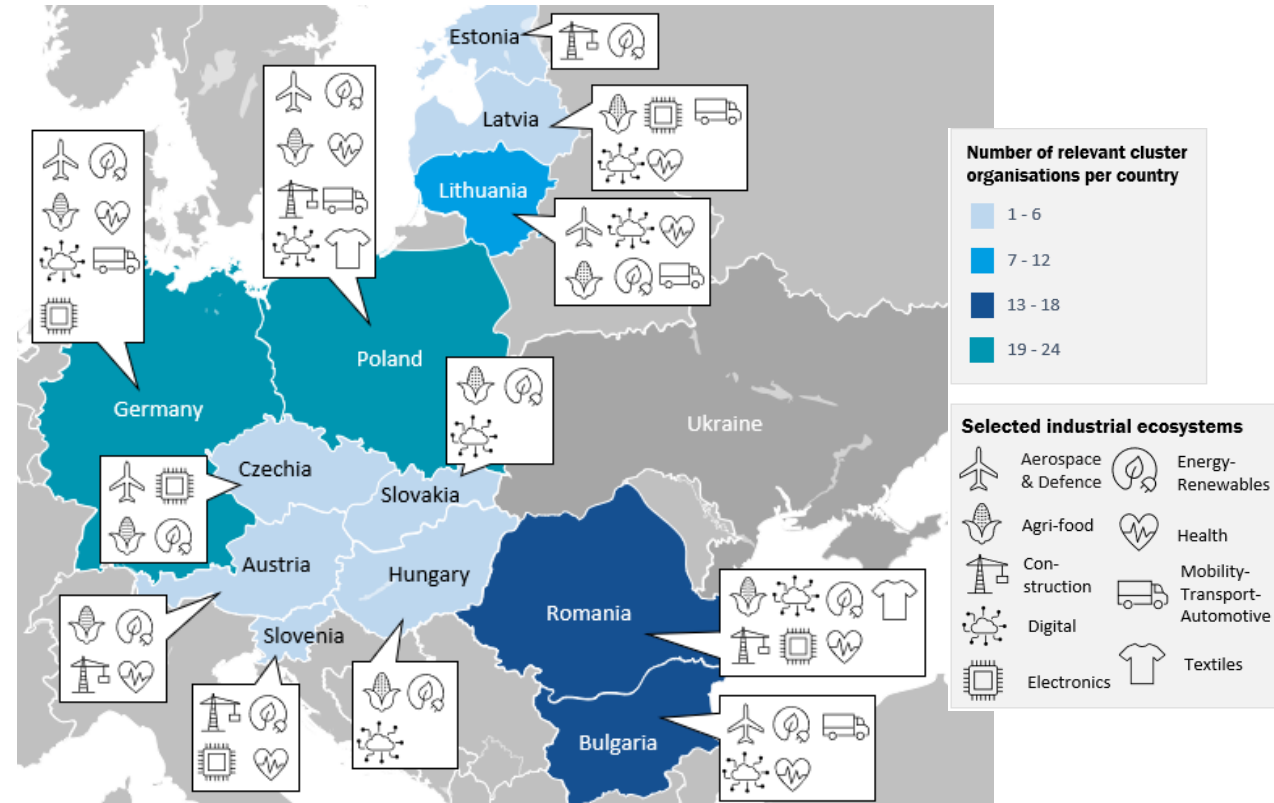
Fostering of international cooperation by activities of UCA such as the Ambassador of Industry4Ukraine platform, signature of 13 Memorandum of cooperation)



Upcoming EU funding calls to support Ukrainian clusters & companies through *ReadyForEU* as part of the Single Market Programme



Cluster organisations in Slovakia & macro-region in the 9 key industrial ecosystems with interest for internationalisation



Source: ECCP (2023), own elaboration based on ECCP profile data. An **overview of the individual cluster organisations** is provided in the Input Paper

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Thank you!